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CORRECTION

Vol 5, No 3, March 1975

Page 99, Column 2:

third line of text following heading 'Agreements', for 'cycling problem did not have to be tested. It pro-' substitute
'recycling over 6,000 million of those petro-dollars'.

Scottish Local Government Reform

A new local government structure comes into full operation in Scotland on 16 May.[1] Under the Local Authority (Scotland) Act 1973 the existing local authorities on the mainland will be replaced by nine new regions, divided into 53 districts, with each type of authority exercising a largely separate range of local government functions (see below). Because of their isolation from the mainland, Orkney, Shetland and the Western Isles will each have a single, virtually all-purpose authority. Council members of all the new authorities were elected in 1974.

Throughout Scotland a regional coherence can be traced through the main population centres, and it is largely by reference to this identifiable community of interest that the new regions have been defined (see map). Populations range from 99,000 in the Borders to 2·6 million in the Strathclyde region. The Orkney and Shetland authorities will each serve populations of about 17,000 to 18,000, while the Western Isles authority will provide for some 30,000 people.

The areas of the district authorities have also been worked out to ensure that they correspond with genuine local communities, and that they have the resources to match the range of functions which they will have to discharge. In the more remote parts of the country a flexible approach has been adopted in defining the districts and in assigning functions. Thus the Highland district of Badenoch and Strathspey has a population as low as 9,000; at the other extreme there are 984,000 people in the new Glasgow district.

Functions

Regional authorities will provide the large-scale services, while the districts will be responsible for the more local ones. The regions will deal with all major planning matters as well as related services such as industrial development, transportation, water supply and sewerage. They will also provide the education, social work, police and fire services, and will be responsible for coast protection, weights and measures, food standards and labelling.

District authorities will have the main responsibility for housing, although the regions will have certain reserve powers to arrange for building by the district authorities or other agencies. Districts will also be responsible for local planning, building control and libraries, except in the Highland, Borders and Dumfries and Galloway regions where these functions will be exercised by the regional authority. The districts will have sole responsibility for most environmental health functions – including refuse collection and disposal, food hygiene, clean air and burial grounds and crematoria – and for the regulation and licensing of entertainments and gaming.

District and regional authorities will exercise concurrent powers in the provision of museums and art galleries, community centres, parks and recreational facilities of other kinds.

The three islands authorities will have responsibility for almost the whole range of local government functions, but they will participate in wider-scale administration for their police and fire services, and will rely on the mainland for assistance in the more specialised aspects of education and social work.

Community Councils

One of the most important duties of the district and islands councils will be to prepare schemes for the establishment of community councils to express local views and to take action on behalf of local residents. Once a scheme has been made, the inhabitants of each community – whether a village, small town or part of a larger urban area – will be able to require the formation of a community council for their area. The size of each community will depend entirely on local circumstances and needs. The aim is not to set up a third tier of local government (community councils will have no statutory responsibilities), but to create an organisation which can turn its attention to any matters of concern to local people without being limited to performing tasks laid down by Parliament.

Complaints System

The Local Government (Scotland) Bill which is being considered in Parliament provides for the

[1] The reorganisation forms the last stage of a complete reform of local government in the United Kingdom. In Greater London the present structure came into being in 1965; changes in the organisation and functions of local authorities were made in Northern Ireland in 1973; and a restructuring of authorities in England and Wales outside London took place in 1974 (see pp 76-8, 1974).

appointment, by the Crown, of a Commissioner for Local Administration to look into charges of maladministration by local authorities and certain other bodies. The commissioner would receive and consider complaints from the public forwarded to him by a member of the authority concerned, and would have power to call for the evidence and documents necessary for his investigation. The authority investigated would have to make his report available to the public. Where the commissioner found that there had been maladministration, he would have to satisfy himself that adequate steps had been taken to put the matter right. The commissioner's expenses would be met by local authorities, and the Secretary of State for Scotland would designate a body to supervise his finances and to publish his annual reports.

A broadly similar system was set up in England and Wales in 1974.

Scottish District Courts System

A new system of lay courts to deal with summary criminal cases comes into operation in Scotland on 16 May, replacing the existing burgh and justice of the peace courts. These 'district courts', provide for by the District Courts (Scotland) Act 1975, will be administered by the new islands and district local government authorities (see p 127).

The lay judges in the courts will comprise existing burgh magistrates and police judges, islands and district councillors and justices of the peace. All burgh magistrates and police judges in office before the new courts come into being will be appointed justices of the peace. Islands and district councils will have the power to nominate up to a quarter of their number to be *ex officio* justices. There will be provision for the appointment of

legally-qualified stipendiary magistrates in some areas as necessary.

Other improvements to be made over the previous system of lower courts include the taking over by the Lord Advocate of prosecutions in all areas by May 1976 (lay courts have hitherto had their own prosecutors); the introduction of legal aid for the first time at summary court level; and the placing of a greater emphasis on the training of the lay judges.

Seychelles

CONSTITUTIONAL CONFERENCE

A constitutional conference on Seychelles was held at Marlborough House, London, from 14 to 27 March, under the chairmanship of Miss Joan Lestor, Parliamentary Under-Secretary of State, Foreign and Commonwealth Office. Delegations representing Seychelles were headed by Mr J. R. Mancham, Chief Minister and leader of the Seychelles Democratic Party (SDP), and Mr F. A. René, leader of the Seychelles United People's Party (SPUP). Mr C. H. Allan, Governor of Seychelles, and officials of the Foreign and Commonwealth Office were also present.

The conference was arranged at the request of the Seychelles Legislative Assembly, which adopted a motion to this effect in June 1974. Its purpose was to reach decisions on the constitutional advance of Seychelles and, subject to the approval of the British Parliament, on final progress towards independence.

The Territory

Seychelles consists of a scattered group of granitic and coralline islands in the western Indian Ocean. The majority of the population (under 53,000 at the last census in 1971) live on Mahé, the largest island in the group; and most of the rest on the islands of Praslin and La Digue. The economy of the group, traditionally based on subsistence agriculture and fishing with copra as the main cash crop and export, is now at a transitional stage in consequence of the growth of an important tourist industry. Until fairly recently the development of tourism was hampered by poor communications, but since the opening in 1971 of an airport of international standard there has been a steady increase in the numbers of visitors. New hotels have been built and related services and industries have begun to develop, and tourism has become the main growth point in the economy. The Government is, however, taking care to control the rate of expansion so as to preserve the great natural beauty of the islands and conserve their varied flora and wildlife, which include several rare species.

Constitutionally, Seychelles has a considerable measure of internal self-government. There is a Legislative Assembly with a directly elected majority (15 elected members, together with 3 *ex officio* members, with a Speaker presiding) and a ministerial system (the Governor, a Chief Minister and up to 4 other Ministers, with the same 3 *ex officio* members as in the legislature). At the last general elections, held in April 1974, 13 of the elected seats went to the SDP and 2 to the SPUP. Mr Mancham then became Chief Minister. Both parties favour independence.

Conference Decisions

A communiqué issued on 27 March stated that the constitutional conference had ended with agreement by the Seychelles political parties to form a coalition government. Agreement had also been reached on the principles of an interim constitution and on a number of points for an independence constitution. But, despite efforts to reconcile divergent views, it had not been possible to reach agreement on some of the central issues of an independence constitution.

The leaders of the two political parties, the communiqué went on, had held discussions and reached an agreement under which the SPUP had been invited by the SDP to join the Government upon the introduction of internal self-government, and had accepted the invitation. Both parties had agreed that the constitution should provide for the appointment of 10 additional members to the legislature, 5 to be nominated by each party. There would be a Cabinet of 12 ministers, 8 to be drawn from the SDP membership of the legislature and 4 from the SPUP membership.

This agreement was welcomed by Miss Lestor, who said that it 'opened the way to a peaceful, united and prosperous Seychelles'. The interim constitution, including provisions for the increase in size of the Cabinet and legislature, would be introduced as soon as possible. She went on to say that she would recommend to the British Government the appointment of an Electoral Review Commission 'as a possible means of resolving the different views regarding the system of elections and the size and composition of the legislature'. The commission would be asked to make recommendations to the Secretary of State before the end of 1975 with a view to further discussion at a renewed conference, possibly in January 1976. At that conference it would be the aim of the British Government 'finally to determine the outstanding provisions of an independence constitution for Seychelles, so that, subject to the approval of Parliament, Seychelles would be enabled to proceed to independence, as desired by both political parties, not later than 30 June 1976'.

This timetable was accepted by the Seychelles leaders, who told the conference that they 'intended in the interim period before independence to make every effort to resolve their remaining differences and to ensure that Seychelles came to independence in peace and unity'.

Recent Legislation

The following is an alphabetical list of Public Acts passed during the first quarter of 1975. The last item, marked with an asterisk, was introduced by a private member. The dates given for the second reading refer to the House of Commons *Hansard* (House of Lords where shown).

Arbitration Act 1975. Enables Britain to accede to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the awards arise from the settlement of disputes in international trade). Second reading: 16.1.75, col 882. Royal Assent: 25.2.75. Ch 3, ISBN 0 10 540375 X, 12p.

Biological Standards Act 1975. Sets up a National Biological Standards Board to manage the activities of the National Institute for Biological Standards and Control previously administered by the Medical Research Council. Second reading 21.11.74 (HL), col 1170. Royal Assent: 25.2.75. Ch 4, ISBN 0 10 540475 6, 12p.

Consolidated Fund Act 1975. Second reading: 23.1.75, col 1781. Royal Assent: 30.1.75. Ch 1, ISBN 0 10 540175 7, 4p. and *Consolidated Fund (No 2) Act 1975.* Second reading: 17.3.75, col 1428. Royal Assent: 20.3.75. Ch 12, ISBN 0 10 541275 9, 4p. Authorise the Treasury to make sums available to the public service.

District Courts (Scotland) Act 1975 (see p 128). Second reading: 5.2.75, col 1463. Royal Assent: 27.3.75. Ch 20, ISBN 0 10 542075 1, 26p.

Education Act 1975 (see p 492, 1974). Second reading: 15.11.74, col 781. Royal Assent: 25.2.75. Ch 2, ISBN 0 10 540275 3, 8p.

Export Guarantees Amendment Act 1975. Provides for loans and grants to be made for specified purposes connected with export contracts, including part insurance for exporters against a higher than expected rate of inflation. Second reading: 10.2.75, col 105. Royal Assent: 27.3.75. Ch 19, ISBN 0 10 541975 3, 12p.

Finance Act 1975 (see p 153). Second reading: 17.12.74, col 1369. Royal Assent: 13.3.75. Ch 7, ISBN 0 10 540775 5, £1·45.

General Rate Act 1975. Postpones the 1978 rating revaluation until 1981 (when the statutory five-year cycle will start again). Second reading: 7.11.74, col 1260. Royal Assent: 25.2.75. Ch 5, ISBN 0 10 540575 2, 4p.

Housing Rents and Subsidies Act 1975 (see p 494, 1974). Second reading: 18.11.74, col 904. Royal Assent: 25.2.75. Ch 6, ISBN 0 10 540675 9, 45p.

Industrial Injuries and Diseases (Northern Ireland), (Old Cases) Act 1975. Consolidates Northern Ireland legislation from 1966 to 1974 and related enactments. Second reading: 18.3.75, col 1592. Royal Assent: 20.3.75. Ch 17, ISBN 0 10 541775 0, 14p.

Industrial Injuries and Diseases (Old Cases) Act 1975. Consolidates 1967 legislation and subsequent enactments. Second reading: 18.3.75. col 1591. Royal Assent: 20.3.75. Ch 16, ISBN 0 10 541675 4, 20p.

Offshore Petroleum Development (Scotland) Act 1975. Provides for the acquisition by the Secretary of State for Energy of land in Scotland for purposes relating to exploration and exploitation of offshore petroleum; enables the Secretary of State to carry out works and facilitate operations for those purposes, and to regulate such operations in certain sea areas; provides for the reinstatement of land used for those and related purposes. Second reading: 19.11.74, col 1108. Royal Assent: 13.3.75. Ch 8, ISBN 0 10 540875 1, 22p.

Social Security Act 1975. Consolidates the major part of legislation in Great Britain concerning social security. Second reading: 18.3.75, col 1595. Royal Assent: 20.3.75. Ch 14, ISBN 0 10 541475 1, £1·75.

Social Security Benefits Act 1975 (see pp 488-9, 1974). Second reading: 21.11.74, col 1547. Royal Assent: 13.3.75. Ch 11, ISBN 0 10 541175 2, 29p.

Social Security (Consequential Provisions) Act 1975. Gives effect to repeals and transitional arrangements made necessary by recent social security legislation. Second reading: 18.3.75, col 1593. Royal Assent: 20.3.75. Ch 18, ISBN 0 10 541875 7, 51p.

Social Security (Northern Ireland) Act 1975. Consolidates the major part of social security legislation in Northern Ireland. Second reading: 18.3.75, col 1603. Royal Assent: 20.3.75. Ch 15, ISBN 0 10 541575 8, £1·45.

Statute Law (Repeals) Act 1975. Repeals certain laws which are no longer of practical use. Second reading: 11.3.75, col 462. Royal Assent: 13.3.75. Ch 10, ISBN 0 10 541075 6, 20p.

Supply Powers Act 1975. Consolidates the outstanding provisions of the Ministry of Supply Act 1939 and subsequent amendments, with amendments to give effect to recommendations of the Law Commissions. Second reading: 11.3.75, col 459. Royal Assent: 13.3.75. Ch 9, ISBN 0 10 540975 8, 14p.

**Unsolicited Goods and Services (Amendment) Act 1975.* Amends the Unsolicited Goods and Services Act 1971 to enable regulations to be made with respect to the contents and form of notes of agreement, invoices and similar documents and to provide for conviction on indictment for offences under the Act. Second reading: 24.1.75, col 2151. Royal Assent: 20.3.75. Ch 13, ISBN 0 10 541375 5, 8p.

EXTERNAL AFFAIRS AND DEFENCE

Defence Policy

The final decisions of the Government's defence review are contained in the *Statement on the Defence Estimates 1975* (Cmnd 5976, HMSO £1·22) which was published in March. The statement also contains an appraisal of the military situation presently confronting the members of the North Atlantic Alliance, and reports on the current state of Britain's defence forces.

THE DEFENCE REVIEW

The defence review was instituted in March 1974 (see p 116, 1974) in implementation of the Government's policy of maintaining a modern and effective defence system while reducing its cost as a proportion of national resources to a level more appropriate to Britain's economic position and more in line with that of its main European allies. Its provisional conclusions were announced by the Secretary of State for Defence, Mr Roy Mason, in the House of Commons on 3 December 1974, and subsequent consultations with Britain's North Atlantic Treaty Organisation (NATO) allies and Commonwealth partners have broadly confirmed the changes in defence commitments and programmes then proposed (see pp 459-60, 1974). When implemented, the statement explains, these will enable Britain's forces to be concentrated on those areas in which their contribution to collective defence will be most effective in ensuring the security of Britain and its allies. In brief, this means that NATO – 'the linchpin of British security' – will remain the first and overriding charge on Britain's defence resources; that Britain will end its non-NATO commitments wherever this is consistent with its fundamental military and political obligations; and that general-purpose forces will be maintained as an insurance against the unforeseen.

The NATO Commitment

In common with its allies, the statement explains, Britain is working to establish a safer, warmer and more constructive relationship with the Soviet Union and its allies. The recent visit to the Soviet Union by the Prime Minister and the Foreign and Commonwealth Secretary has opened the way to progress in this direction (see pp 96-8). But until *détente* is clearly established upon a lasting foundation of mutual security, and so long as the Warsaw Pact countries continue to increase the strength and capability of their forces, a cautious view of their intentions is necessary. Similarly, the possibility that they might try to use their massive military power to bring political pressure – perhaps selectively – on Western countries cannot be excluded. It is essential, therefore, that the political cohesion of NATO should be maintained, as well as an effective military strategy. The latter calls for military forces capable of denying any potential aggressor the prospect of an easy victory; that is, conventional forces manifestly capable of withstanding any initial attack and backed by tactical and strategic nuclear forces, which in Europe and the Atlantic only the North Atlantic Alliance can provide. So long as the alliance has such a capability, and the will to use it if necessary, aggression of whatever sort can be deterred, and the use of military power as a political weapon neutralised. The British Government, therefore, is fully committed to preserving the credibility of NATO's strategy and political cohesion, and is determined to maintain an effective British contribution to the alliance's forces by concentrating in those areas where it considers Britain can contribute most effectively to alliance security.

1 *The Central Region.* The British Army of the Rhine (BAOR), which holds an important section of the central front in the crucial area of the north German plain, and RAF Germany play a major part in the forward defence of this region, where NATO is heavily and increasingly outnumbered in fighting divisions, in manpower, in fighting units and in all the major weapons systems (tanks, field guns and aircraft). For these reasons, Britain will continue to maintain an army force level of 55,000 and a tactical air force on the mainland of Europe in accordance with its Brussels Treaty commitments, making no reductions below this level in advance of mutual and balanced force reductions. In addition, provision for reinforcing these forces in times of tension or emergency will continue and they will be progressively re-equipped to improve their effectiveness. *Scorpion* tracked reconnaissance vehicles have already entered service with the Army; in due course the *Lance* tactical nuclear missile system will replace *Honest John*; and the *Rapier* low-level surface-to-air missile system has entered service with the Army, and with the RAF Regiment for airfield defence. Plans for the introduction of the Multi-Role Combat Aircraft (MRCA) into RAF Germany will continue, and *Phantoms* will be replaced with increased numbers of *Jaguars* (see also p 135).

2 *The Eastern Atlantic and Channel Areas.* NATO's strategy of deterrence on the mainland of Europe would not remain credible without a parallel strategy in the eastern Atlantic and Channel areas, upon which Britain's maritime force declarations will in future be concentrated. These are the forward sea areas of NATO corresponding to the central region on land, in which NATO's maritime forces face the growing power of the Soviet Navy (see p 133). All the sea-borne supply and reinforcement routes from North America to Britain and the European mainland pass through these areas. If the balance of maritime power were allowed to shift so far in favour of the Warsaw Pact that it had an evident ability in a period of tension to isolate Europe by sea, the effect on allied confidence and political cohesion would be profound. NATO depends critically on Britain to provide the main weight of the maritime forces immediately available to the alliance in these areas; it is for this reason that the Government plans to maintain its contribution to the defence of these areas virtually undiminished. Therefore, the cruiser and nuclear-powered submarine programmes will be maintained and the new classes of destroyers and frigates will continue (see p 135).

3 *The Security of the United Kingdom and its Immediate Approaches.* Without this no contribution to the security of Britain's allies and no reinforcement of forward-based forces would be possible.

4 *The NATO Nuclear Deterrent.* NATO strategy is founded on the triad of conventional, tactical nuclear and strategic nuclear weapons. The *Polaris* force, which Britain will continue to make available to the alliance, provides a unique European contribution to NATO's strategic nuclear capability out of all proportion to the small fraction of Britain's defence budget which it costs to maintain. Britain will maintain its effectiveness, but does not intend to move to a new generation of strategic nuclear weapons. It will also maintain tactical nuclear capability, in accordance with NATO strategy.

Some reductions in Britain's current commitments to NATO, however, are inevitable if the strain on the British economy is to be eased by bringing the burden of British defence expenditure more into line with that borne by its major European allies. These, the statement points out, will mainly affect Britain's commitments to NATO's southern region, and will involve cuts in the specialist reinforcement forces which were originally designed to meet Britain's former world-wide commitments, as an alternative to overseas garrisons, but which have been committed to NATO since 1968. The contribution to the Allied Command Europe (ACE) Mobile Force will remain as at present constituted and will continue to be available to Supreme Allied Commander Europe (SACEUR) for deployment throughout his area of command; but reductions in the land element of the United Kingdom Mobile Force and the United Kingdom joint Airborne Task Force, which have never been fully equipped for highly mobile armoured operations in a NATO environment, and to the specialist amphibious shipping, which could only be replaced at considerable expense, will reduce other specialist reinforcement forces declared to NATO to an air-portable brigade and a Royal Marine Commando group with the necessary accompanying sea and air elements. These forces will be available for the alliance's central and northern regions. In addition, no British maritime forces will be earmarked for assignment to NATO in the Mediterranean area after 1976, and between 1977 and 1979 the RAF *Nimrods* and *Canberras* at present committed to NATO there will be withdrawn. British ships, however, will visit the Mediterranean from time to time and will continue to participate in NATO maritime exercises there, and British forces will stay in Malta until 1979 when the present military facilities agreement (see pp 109-10, 1972) ends.

NATO Reactions

Britain's NATO partners have welcomed the assurance that NATO commitments will remain the first charge on Britain's defence resources, and that no reductions are envisaged in the central region in advance of mutual and balanced force reductions, or in the nuclear contribution to the alliance. Nevertheless they have expressed considerable disquiet at the overall scale of the reductions proposed and the weakening effect which they would have on NATO's conventional capability *vis-a-vis* the Warsaw Pact, if not offset by compensatory measures. They have also expressed concern lest these measures should be interpreted as weakening the solidarity of the alliance (particularly in the southern region) and its deterrent value.

To help meet its allies' main points of concern, the British Government is undertaking a study of certain possible compensatory measures, on the understanding, however, that there can be no increase in the future levels of defence expenditure already decided. On this basis, the statement notes, it is ready to make some changes, including the strengthening of anti-submarine forces in the Channel, earmarking additional reconnaissance aircraft to NATO's Atlantic and Channel commands, and taking part in periodic NATO maritime exercises and in the NATO Naval On Call Force in the Mediterranean. Britain is also prepared on the same understanding, and without commitment, to study nationally and within NATO other measures aimed at mitigating the effects of the reductions.

Non-NATO Commitments

Britain's partners and associates outside NATO, the statement records, noted the reviews' proposals with some regrets, but in general recognised the economic imperatives which led the Government to adopt them. Detailed discussions on the best way of effecting the withdrawals and reductions proposed are in some cases still proceeding. Broadly, however, the effect of the consultations has been to confirm the proposals announced by Mr Mason on 3 December 1974 (see pp 459-60, 1974).

Other Aspects of the Review

The implications of the proposed changes for the manpower and equipment plans of the three services, the research and development programme and the defence industries remain largely as stated by Mr Mason in December 1974, though the overall reduction in service manpower is now expected to be 38,000 instead of 35,000, all the extra 3,000 repre-

senting a reduction in Army personnel. The estimated saving in expenditure also remains as previously stated, that is, £4,700 million, or 12 per cent, over the period to 1983-84. In that year defence expenditure will represent 4·5 per cent of the country's gross national product (GPN) compared with an estimated 5·5 per cent in 1974-75.

DEFENCE AND DÉTENTE

The British Government, the statement points out, is working and will continue to work for real and lasting *détente* in Europe through the North Atlantic Alliance, which it regards as an instrument of *détente* no less than of defence. Progress in pursuit of *détente*, if it is not to be illusory, must be based on a strong and united NATO Alliance across the Atlantic and within Europe, and on genuine attempts to negotiate measures of arms limitation and control to provide a more stable relationship in Europe and undiminished security for both East and West. Such attempts, however, must take full account of the military situation.

The Military Balance

The Soviet Union has achieved rough strategic nuclear parity with the United States (recently reaffirmed by the Strategic Arms Limitation agreement in principle at Vladivostok – see p 471, 1974) and is developing an improved armoury of strategic nuclear weapons designed at least to maintain it. These include four new types of inter-continental ballistic missiles (ICBMs), some of which will carry multiple independently targetable re-entry vehicles (MIRVs); and *Delta* class submarines, equipped with new submarine-launched ballistic missiles (SLBMs) with a range of over 4,000 miles, which greatly increase the geographical area from which a strategic nuclear threat against NATO can be mounted. In addition, the statement continues, the Warsaw Pact faces the alliance with a marked superiority in manpower and conventional weapons. In Central Europe the disparities are over 2½ to 1 in tanks, over 2 to 1 in divisions and in aircraft, and about 2 to 1 in field guns; and it has about 20 per cent more soldiers and some 30 to 40 per cent more in fighting units (these disparities do not take account of forces stationed in the Soviet Union itself which, in times of tension, could substantially reinforce those in Poland, Czechoslovakia and the German Democratic Republic). On NATO's northern flank the disparities are even greater.

Numerical comparisons alone, however, the statement adds, do not give a wholly adequate picture. In addition to the advantages it derives from its geographical unity and its standardised equipment, the Warsaw Pact is making rapid progress in modernising and re-equipping its forces, thereby reducing such advantages in quality as NATO still possesses. Over the last five years the Soviet Union has improved and increased the capability of its forces to a much greater extent than in any previous five-year period in peacetime, and these improvements have in some cases been reflected in the forces of other Warsaw Pact countries. Soviet tank and motor rifle divisions in Eastern Germany have increased in manpower strength by about 15 per cent and 20 per cent respectively. Motor rifle divisions now have some 50 per cent more tanks than before 1970. Notable recent additions in equipment include a modern infantry combat vehicle, several low- to medium-altitude surface-to-air missile systems and excellent new artillery and engineer equipments. Tactical nuclear missile delivery systems have increased in numbers and improved in mobility. At sea, the Soviet Union has emerged as a maritime superpower, having developed a large, modern, well-equipped fleet of cruisers, destroyers and escorts, over 1,000 naval aircraft, and some 320 operational submarines of which over 120 are nuclear-powered. The Warsaw Pact's building rate for nuclear-powered submarines is now twice that of NATO. The numbers of Warsaw Pact and NATO surface ships are broadly similar, but allied surface vessels include a very much higher proportion of older ships and carry substantially fewer offensive or defensive missile systems. Furthermore, such numerical comparisons disguise the full extent of the imbalance between the Soviet submarine fleet, which is now increasingly nuclear-powered, and the capability of NATO's anti-submarine forces. The maritime balance has shifted, and is continuing to shift, markedly in favour of the Warsaw Pact. In the eastern Atlantic area NATO's mainly British maritime forces at immediate readiness for forward defence are already outnumbered.

As for Warsaw Pact air forces and missile systems, the statement points out that these have also been improved over the last five years, in particular with the introduction of large numbers of technologically-advanced multi-role aircraft such as the *MIG 25 Foxbat* all-weather interceptor and reconnaissance aircraft and the new *MIG 23 Flogger* ground attack fighter. Moreover, the new *Fencer* multi-role aircraft and the *Backfire* medium bomber, both of which are supersonic, are due to enter into service shortly. In addition, the Soviet Union is continually improving its ability to penetrate. Western defences through the extensive use of electronic warfare to jam radars and communications, while its air forces in Europe are less vulnerable than those of NATO because they are dispersed over more airfields and across a wider area.

Deployed as they are, the statement concludes, Soviet forces represent a powerful instrument of war and a means of reinforcing political pressure without recourse to overt hostilities. In this context, it points out that, while the strategic nuclear forces of the West are the ultimate deterrent against strategic nuclear attack, in a period of strategic parity they do not necessarily constitute a credible deterrent against lower levels of aggression. For this purpose the West must also deploy credible numbers of conventional and tactical nuclear forces. These can be provided in an effective way only through the North Atlantic Alliance to whose support Britain is fully committed.

European Defence Co-operation

Within the framework of NATO, the British Government attaches particular importance to European defence co-operation, especially over the joint procurement of equipment, in order to achieve economies and to increase fighting efficiency by enhancing

the ability of allied units to operate together. Successful joint projects so far include the Anglo-French *Jaguar* and the *Lynx*, *Puma* and *Gazelle* helicopters, and good progress is being made with Italy and the Federal Republic of Germany in the development of the Multi-Role Combat Aircraft (MRCA) and the medium artillery pieces, *FH 70* and *SP 70*. Equipment collaboration also facilitates joint logistic support and training arrangements, like those now being discussed among the five European countries which have agreed to purchase the *Lance* surface-to-surface missile system from the United States. Within the Eurogroup, the statement adds, Britain is playing a leading role in measures designed to strengthen equipment collaboration between its members, and also in seeking the closest possible co-operation in arms production and procurement between the countries of Europe and North America (see pp 15-16).

The European NATO countries continue to make a substantial contribution to the strength of the alliance. The $1,000 million European Defence Improvement Programme, adopted by the ten Eurogroup countries in 1970 and designed to improve the effectiveness of national forces committed to NATO and to accelerate certain common projects of major military significance, is now approaching a successful conclusion; and in December 1974 Eurogroup Defence Ministers were able to announce plans for the introduction into service in 1975 of an impressive list of major new items of equipment.

East-West Relations

In pursuit of measures of *détente*, the Government, together with other members of the NATO Alliance, is playing a full and positive role in negotiations aimed at establishing a safer and more productive relationship with the Soviet Union and the countries of Eastern Europe – in the Conference on Security and Co-operation in Europe in Geneva (see p 13), and in the negotiations on mutual and balanced force reductions in Vienna (see p 14). Progress in these talks, the statement explains, depends on both sides being willing to negotiate constructively. *Détente* must mean the establishment of long-term, fruitful and mutually beneficial co-operation between states irrespective of their political, economic and social systems and on the basis of full equality and mutual respect. Only such progress can reassure those who fear that *détente* is viewed by some within the Warsaw Pact as a device to divide and lull the West while the East pursues a goal of progressively shifting the balance of power in favour of the Soviet Union. The West as a whole needs to be convinced that neither force nor the threat of force will be used against any member of the alliance or against neutrals, and that verifiable arms control measures can be agreed which will increase rather than diminish the security of both East and West. In this respect the current East/West negotiations are an 'acid test of the determination of both sides to turn the rhetoric of *détente* into reality'.

Britain is also actively involved in multilateral discussions of arms limitation and disarmament issues in the Conference of the Committee on Disarmament in Geneva, and elsewhere. The Government attaches major importance to the Treaty on the Non-Proliferation of Nuclear Weapons and to the conference which in May 1975 in Geneva will review the operation of the treaty. As a depository power for the treaty, Britain is playing an active part in preparations for the conference, and intends to play an active role at the conference itself. A joint Anglo-Soviet declaration on the non-proliferation of nuclear weapons was signed in Moscow on 17 February 1975 which should give further impetus to multilateral efforts to contain the danger of nuclear proliferation (see pp 96-8).

THE DEFENCE FORCES

The remainder of the statement reports on the present state of Britain's defence forces and provides information concerning their operations, deployment and equipment improvement over the two years since the publication of the last statement on the defence estimates in 1973 (see pp 101-8, 1973). Some of these topics are summarised below.

Expenditure

The defence budget estimates for 1975-76 total some £4,547·5 million. The difference in cash terms from the defence review's target for 1975-76 of £3,700 million is accounted for by pay and price increases of £848 million over the past year. In real terms the size of the programme is unchanged as compared with the proposals announced on 3 December 1974, and represents about 5·75 per cent of gross national product.

Of the total, the largest proportion, £2,101·6 million (46·2 per cent) represents expenditure on personnel (pay, allowances, pensions), the remainder being made up of £1,529 million (33·6 per cent) on equipment and £916·9 million (20·2 per cent) on works, lands and miscellaneous stores and services. A functional analysis of expenditure is contained in the table on p 135.

Manpower and Reserves

Recruitment of servicemen is expected to total some 35,000 in 1974-75, compared with 25,800 in 1973-74 when the raising of the school-leaving age cut off recruitment of school-leavers at the minimum age. Since this had a once-and-for-all effect, some recovery during 1974-75 was predictable. Even so, there has been an overall shortfall in recruitment, particularly with regard to the Army. Britain's armed forces totalled 342,500 on 1 January 1975, 77,131 in the Royal Navy and Royal Marines, 169,089 in the Army and 96,301 in the Royal Air Force. The forecast total for 1 April 1975 is 340,100. The total number of civilian personnel employed by the Ministry of Defence in 1975-76 is expected to be about 295,600. A functional analysis of personnel is contained in the table on p 135.

The statement shows that reserve forces, which are an integral part of the armed services, totalled 257,600 on 1 January 1975, of which 168,000 were regular reserves (having a reserve liability after a period of regular service) and 69,700 volunteer reserves and auxiliary forces. The low number of regular reserves compared with previous years is the result of the Army General Reserve, which consisted mainly of former national servicemen and numbered 179,400 in April 1974, ceasing

Functional Analysis of Expenditure and Manpower 1975-76

	Expenditure £ million	Military Personnel	Civilian Personnel
Nuclear Strategic Force	58	2,600	3,800
*Navy General Purpose Combat Forces	632	34,300	10,900
*European Theatre Ground Forces	826	100,700	30,300
*Other Army Combat Forces	88	17,700	10,000
*Air Force General Purpose Forces	874	61,400	14,500
*Reserve and Auxiliary Formations	79	2,500	3,600
Research and Development	283	1,000	33,100
*Training	417	70,400	22,300
*Production, Repair and Associated Facilities in Britain	340	10,400	98,400
*War and Contingency Stocks	108	—	—
*Other Support Functions	875	45,400	68,700
Miscellaneous Expenditure and Receipts	—32	—	—
Total	4,548	346,400	295,600

Notes: 1. Research and Development costs have been included, where possible, in relevant combat forces or support programmes marked with an asterisk.
2. The above are average strengths and include locally engaged civilians.
3. Civilian personnel comprise 140,000 non-industrial staff and 155,600 industrial staff.

to exist on 30 June 1974 when the relevant legislation expired. The volunteer reserves include the part-time Ulster Defence Regiment whose growing professionalism has enabled it to play an increasingly important role in anti-terrorist operations in support of the regular Army in Northern Ireland. Cadet Forces which make a significant contribution to recruitment to the regular forces, totalled 130,500 in early 1975.

Combat Forces and Equipment

Britain's combat forces are functionally divided into the nuclear strategic force, Royal Navy general-purpose combat forces, European theatre ground forces, other Army combat forces and Royal Air Force general-purpose forces. Expenditure on these forces in 1975-76, together with their military and civilian personnel strengths, is shown in the table above. The capabilities of these forces, the statement points out, have been strengthened over the past two years by the entry into service of several new weapons systems and equipment, and further progress in this respect will result from development work and construction currently in hand. Some of these improvements are summarised below.

The Royal Navy now possesses eight nuclear fleet submarines, HMS *Swiftsure* and HMS *Sovereign*, the first of the modified *Swiftsure* class which are capable of deeper diving and greater speed than the previous *Valiant* class, having entered into service recently. Three more such submarines are under construction and another is planned to be ordered during the year. The first Type 42 guided missile destroyer, HMS *Sheffield*, and the first Type 21 frigate, HMS *Amazon*, have also entered into service, and another three of the seven Type 21 frigates presently under construction will be accepted within a year. Construction is also proceeding on five Type 42 destroyers and the first of the new Type 22 frigate, and on HMS *Invincible*, the first of a new class of anti-submarine cruisers. The first of a new class of mine countermeasures vessels built in glass-reinforced plastic and designed or both mine-hunting and mine-sweeping is to be ordered shortly. Among the new weapon systems which are in the process of being fitted into Royal Navy vessels are the *Exocet* surface-to-surface guided missile, the *Seadart* area air defence guided missile and the *Ikara* anti-submarine weapon. The Mark 24 *Tigerfish* and Mark 47 anti-submarine torpedoes have also entered service.

All the Army's armoured regiments have now been re-equipped with the *Chieftain* main battle tank, and with the *Swingfire* anti-tank missile system which has also entered service in some mechanised infantry battalions. Armoured reconnaissance units have been equipped with the *Scorpion*, which mounts a 76 mm gun, the first member of a new series of tracked combat reconnaissance vehicles; another, the *Scimitar* is due to come into service in 1975, while the *Spartan*, an armoured personnel carrier, and the *Striker*, a tracked vehicle carrying *Swingfire* anti-tank missiles, will begin to do so in 1976. The *Rapier* low-level air defence missile system is in the process of being deployed, and deliveries of the *Blowpipe* man-portable missile system for very low-level air defence are due to start in 1975-76.

Re-equipment of the RAF forces has included the formation of two offensive-support squadrons equipped with the Anglo-French *Jaguar*. The first three *Jaguar* strike/attack squadrons will be built up during the year, and another *Buccaneer* strike/attack squadron is being formed. The *Phantom FGR2s* replaced in the strike/attack and reconnaissance roles by *Jaguars* are being transferred to the air defence role, where they will largely replace the existing *Lightning* force, and the re-equipment of Strike Command air defence forces with *Phantom FGR2s* is expected to be completed by the end of the year. The *Vulcan SR2* has replaced the *Victor* in the strategic reconnaissance role, and the force is now at full strength. As part of the continuing programme to enhance its capability, all front-line *Harrier V/STOL* aircraft have now been fitted with more powerful marks of the *Pegasus* engine. Both the radar-homing and television guided versions of

the *Martel* air-to-surface guided weapon are in or entering service, and by the end of the year four RAF Regiment squadrons serving in Germany will be equipped with the *Rapier*.

Military Aid to the Civil Community

The statement gives details of aid by the armed forces to the civil community, both in Britain and overseas. In the NATO area ships and aircraft of the Royal Navy and RAF carried out numerous search, rescue and medical evacuation operations in 1974, including the rescue of the crew of the Greek vessel *Ourandos* north of Cape St Vincent in January 1974. In the same month Royal Navy and Federal German Navy helicopters co-operated in the rescue of 11 survivors of the Danish motor vessel *Merc Enterprise* south of Plymouth. In 1974 as a whole Royal Navy helicopters responded to 309 incidents, in which assistance was given to 222 civilians and military personnel, while those of the RAF, which continued to maintain a widespread network of search and rescue facilities around Britain's coasts, responded to 653 incidents involving 338 people. The Royal Navy also continued to assist in keeping the Dover Straits traffic separation scheme under surveillance.

Elsewhere, British forces participated in a number of disaster relief and development assistance operations. In September 1974 the Belize garrison provided aid to the civilian population in Belize and neighbouring Honduras in the aftermath of a hurricane, while other forces undertook similar work following cyclone damage to Darwin, Northern Australia, and in Mauritius in December 1974 and February 1975 respectively. In co-operation with British voluntary aid organisations, the Army and RAF also contributed to several famine relief operations, particularly in the Sahel and Ethiopia (see p 155, 1974). Other assistance included road and bridging work by the Royal Engineers in Kenya, Malawi and the southern Sudan, and aerial surveys by the RAF in Kenya, the Yemen, the Sultanate of Oman and Fiji. In Egypt, the Royal Navy played a significant part in clearing the Suez Canal of explosive war debris between April and November 1974.

A major operation during the year was the aid extended to civilian refugees in Cyprus during the crisis there in mid-1974 (see pp 305-9, 1974). Britain's two Sovereign Base Areas (SBAs) on the island, at Akrotiri and Dhekelia, became a haven for thousands of homeless people of many nationalities, for whom the Army and the Royal Air Force and the civilian members of the SBA administration provided food and shelter. Some 4,500 people were escorted by the Army from Nicosia to Dhekelia, while some 13,000 service and civilian dependants and others were evacuated under Army protection from Limassol, Larnaca and, with Royal Navy assistance, from Famagusta. The Royal Navy also rescued 1,500 people cut off in the Kyrenia area by the Turkish advance and saved the survivors of a sunken Turkish destroyer. During July and August 22,000 people, including dependants of servicemen and British-based civilians, were evacuated in 360 Royal Air Force special flights to Britain. All these operations were executed with the highest order of efficiency and professionalism, and earned great praise both at home and abroad.

Research and Development

The cost of research and development in 1975-76 is expected to total £554 million, some 12 per cent of defence expenditure, of which research will account for £86 million. About 15 per cent of the research and development budget will be allocated to collaborative projects with Britain's partners in NATO (see p 133). Other projects on which work is currently in progress include the *Hawk HS1182* trainer, which is now in full development, the *Sea Wolf* surface-to-air guided missile system which will come into service in Type 22 and other frigates, the *Skua* all-weather anti-ship missile, improvements to the *Chieftain* tank, and a new range of vehicles for battlefield logistic support. In addition, a wide range of electronic projects are in hand, including electronic warfare equipment, all-weather tracking radar for the *Rapier* air defence system, radar equipment and avionics for the *MRCA*, and submarine detection equipment for Royal Navy helicopters (see also pp 107-8, 1973).

European Community

The Government has recommended that in the forthcoming referendum (see p 49) the British people vote in favour of Britain's continued membership of the European Community.

Announcing this decision in a statement in the House of Commons (*Hansard*, 18.3.75, cols 1456-67)[1] made on what he described as 'one of the most important parliamentary occasions in our history', the Prime Minister, Mr Wilson, said that Britain's renegotiation objectives had been 'substantially, though not completely, achieved'. The renegotiations had gone as far as they usefully could go, and he considered that while some of Britain's objectives could be pursued in continuing Council of Ministers' meetings if Britain remained a member, a point had been reached where the Government, Parliament, and the country should take the decision.

After giving his assessment of how far the seven renegotiation objectives set out in the February 1974 Labour Party manifesto had been achieved, Mr Wilson said: 'Her Majesty's Government have decided to recommend to the British people that they should vote in favour of staying in the Community on the terms which I have described.' He added that the Community had become more flexible and that over the past 12 months there had occurred 'a substantial shift of power' to national ministers meeting in the Council of Ministers. Regular meetings of Community heads of Government had also 'reasserted a degree of political power at top level'.

The Government's recommendation was approved by the House of Commons in a free vote by 396

[1] Also published as Cmnd 5999, *Membership of the European Community*. HMSO, 14p. ISBN 0 10 159990 0.

votes to 170 – a majority of 226.[2] This followed a three-day debate on 7-9 April (*Hansard*, cols 821-1366) on the motion 'That this House approves the recommendation of Her Majesty's Government to continue Britain's membership of the Community as set out in the White Paper on the membership of the European Community'. During the debate both the Leader of the Opposition, Mrs Thatcher, and the leader of the Liberal Party, Mr Thorpe, spoke in support of the motion (see p 142).

The White Paper referred to in the motion (*Membership of the European Community – Report on renegotiation*, Cmnd 6003, HMSO 38p, ISBN 0 10 160030 5), publication of which followed the Prime Minister's statement, sets out in considerable detail the outcome of the renegotiations, together with other considerations relevant to the question of Britain's continued membership. It expresses the view that the consequences of Britain's withdrawal would be adverse, and would result in uncertainty which 'could be protracted and would itself be damaging'.

An account of the position following renegotiation, as explained by the Prime Minister in his statement and in the White Paper, is given below.

In accordance with the policy outlined by Mr Wilson earlier this year (*Hansard*, 23.1.75, cols 1745-47), ministers who do not agree with the Government's recommendation are free to advocate a different view during the referendum campaign in the country. The Prime Minister said on that occasion that this was because 'the circumstances of this referendum are unique, and the issue to be decided is one on which strong views have long been held which cross party lines'.

However, in a written Commons answer (*Hansard*, 7.4.75, written answers, col 351) Mr Wilson said that this freedom did not extend to parliamentary proceedings and official business. He went on: 'Government business in Parliament will continue to be handled by all ministers in accordance with Government policy. Ministers responsible for European aspects of Government business who themselves differ from the Government recommendation on membership of the European Community will state the Government's position and will not be drawn into making points against the Government recommendation. Wherever necessary questions will be transferred to other ministers. At meetings of the Council of Ministers of the European Community and at other Community meetings, the United Kingdom position in all fields will continue to reflect Government policy.'[2]

Seven members of the Cabinet have expressed their opposition to the Government's recommendation that Britain should remain a member of the Community. They are the Secretaries of State for Employment (Mr Foot), Energy (Mr Varley), Social Services (Mrs Castle), Industry (Mr Wedgwood Benn), Trade (Mr Shore), Scotland (Mr Ross), and the Minister for Planning and Local Government (Mr Silkin) (*Hansard*, 20.3.75, written answers, col 471). A summary of the views of five of these ministers is given on p 142.

The conclusion of the renegotiations came at the meeting in Dublin of the European Council of Community heads of Government on 10 and 11 March. At this meeting agreement was reached on the two issues then outstanding – future Community imports of New Zealand dairy products, and the correcting mechanism for reimbursing excessive contributions to the Community budget. Details of the agreements are given on pp 143-144.

[1] On the basis of party affiliation, the voting was:

	For	Against	Absent/ Abstentions
Labour	137	145	33
Conservative	249	8	18
Liberal	12	0	1
Nationalists	0	13	1
Ulster Unionists	0	6	4
Others	0	0	2

(These figures include tellers on both sides.)

[2] Mr Eric Heffer was dismissed from his post of Minister of State at the Department of Industry after speaking against the Government's recommendation during the House of Commons debate.

THE COMMUNITY AFTER RENEGOTIATION

In his statement, Mr Wilson referred to seven renegotiation objectives which had been listed in the Labour Party's February 1974 election manifesto. These objectives were: to secure improvements in the Common Agricultural Policy (CAP) and fairer methods of financing the Community budget; to reject unacceptably onerous proposals for economic and monetary union (EMU); to retain powers to pursue effective regional, industrial and fiscal policies; to protect employment and the balance of payments by an agreement on capital movements; to secure better safeguards for the economic interests of Commonwealth and developing countries; and to reject the harmonisation of value-added tax requiring the taxation of necessities.

The relevant passages in the manifesto were contained in a speech by Mr Callaghan to the Council of Ministers in April 1974 (see pp 112-15, 1974).

Common Agricultural Policy

The Prime Minister drew attention to a statement made in June 1974 by the Minister of Agriculture, Fisheries and Food, Mr Peart, which detailed Britain's suggested improvements in the CAP (see pp 251-3, 1974). These related to pricing policy, the interests of consumers, the marketing regimes of major commodities, particularly beef, financial control, and access into the Community for imported agricultural products, particularly from Commonwealth producers.

With regard to the consequences of renegotiation for the supply of food at fair prices, the Prime Minister said: 'In the three CAP price settlements since the Government took office the Minister of Agriculture has succeeded in keeping price increases below cost increases, and thus in real terms reinforcing the downward trend in CAP prices. This would benefit consumers and taxpayers and also is designed to reduce the risk of surpluses.

'Increasingly, price proposals are being related to the costs of efficient producers and the supply/demand situation, and this approach is reaffirmed in the Commission's report on the CAP stock-taking for which we and Germany asked.'

As to the need for greater flexibility for special circumstances and improved marketing regimes, Mr Wilson pointed to the changes for beef which the Minister had secured whereby the option existed of

paying to producers deficiency payments partly financed by the Community instead of buying beef into store and witholding it from consumers to maintain high prices. In addition, special encouragement had been given for sugar production in Britain. More generally, monetary arrangements had been used to differentiate the percentage price increases between member countries, and there had been more flexibility in the use of national aids.

'On the requirements of measures to discourage surpluses and to pay more regard to consumers, the downward pressure on CAP prices is itself a safeguard against surplus production – together with our proposals, now being pursued, for the reduction of support buying prices for milk products and cereals when surpluses start to arise. Then there is the recent practice, which I understand is to be continued, that any surpluses which do develop are run down by cheap supplies to Community consumers rather than being unloaded on world markets. We have had this in the beef subsidy for pensioners and in the increased butter subsidy. British consumers again benefit from the monetary import subsidies paid to countries which have devalued and from special measures to keep Community prices below world prices, particularly the sugar import subsidy which is financed by the Community.'

The Prime Minister considered that progress towards improved financial control had been made in the form of better estimates of costs, tighter monitoring of expenditure, and the introduction of precautions against fraud.

On access for third-country foodstuffs, he said: 'We constantly criticised the lack of arrangements for Commonwealth Sugar Agreement supplies after the end of 1974, which in fact turned out to be a time of world sugar famine – hence the crisis and the high prices we faced. But we have now got assured access for up to 1·4 million tons of sugar from developing countries, for which we pressed from 1971 onwards, so this objective has been achieved.' During the period of shortage, Britain had purchased 170,000 tons of sugar to maintain supplies with the aid of Community subsidies of £36 million.

Turning to the question of access for New Zealand dairy products, Mr Wilson referred to the 18 per cent increase in prices paid to New Zealand made in the autumn of 1974 in order to ensure continued supplies. He then drew attention to the agreement regarding continued access after 1977 for New Zealand dairy products, which had been reached at the Dublin meeting of the Community's heads of Government (see p 144).

Improved access for other foodstuffs had been secured as a result of GATT negotiations, trade provisions in the Convention of Lomé, the Community's agreement with regard to Mediterranean countries, and its 1975 Generalised Scheme of Preferences. Access for some particular products had also been improved, the Prime Minister said; but for other foods such as canned fruit and hard wheat there had as yet been no achievement. 'We have requested levy-free quotas for hard wheat and flour, and put on record that we shall at an early date seek elimination of reduction of the tariff on New Zealand lamb', he said.

The Government's White Paper adds a general comment on the Common Agricultural Policy as a whole. It says: 'As a result of changes in the world food situation and the progress achieved in renegotiation the Government believe that the CAP can be operated flexibly in the enlarged Community and in a way which meets the needs of consumers and producers. Further improvements in the CAP are foreshadowed and it should be possible to contain the net cost within reasonable limits. On balance food prices in the United Kingdom have recently been no higher than they would have been had we remained outside the Community. The future relationship between world prices and Community prices is uncertain; but they are likely to be much closer than in the past, and the Community, as a major food producer, offers greater stability of price levels and also greater security of supply in times of shortage.'

Community Budget

After having read the relevant passage in the Labour manifesto, Mr Wilson said: 'It rapidly became clear that we could best secure our objectives not by seeking to overturn the system of financing the budget from "own resources" (see p 143) but by correcting its unfair impact by a mechanism which would provide a refund to us.'

The correcting mechanism agreed in Dublin was 'an improvement on the Commission's proposals' and 'satisfactorily met what we then proposed'.

In its discussion of the budget issue, the White Paper draws attention to Britain's contributions, receipts and net contributions to the Community budget and compares them with 1971 estimates of net contributions (see table).

£ million

	Gross Contributions	Receipts	Net Contributions	1971 Estimates of Net Contributions
1973	181	77	104	145
1974	179	148	31	165
1975 (estimated)	305	230-240	65-75	205

It points out that receipts almost doubled between 1973 and 1974, mainly because of greater receipts under the Community's agricultural arrangements. This, together with special factors regarding Britain's contributions, reduced net contributions in 1974 to £31 million compared with over £100 million during the previous year. The White Paper adds, however, that it remains important that the cost to Britain of expenditure on agricultural support should be contained within acceptable limits and further progress in this direction can be expected.

Economic and Monetary Union (EMU)

The Prime Minister emphasised in the Commons that since the Government had made its renegotiation commitment regarding EMU, a major change in the attitude of other European Governments towards the practicability of its achievement by 1980 had occurred.

On this issue the White Paper notes that 'Events, both in Europe and in the world as a whole, have clearly shown the unreality of the programme adopted in 1971 and 1972 for progress by stages to full EMU by 1980. One of the key elements in the programme was that there should be a limited margin of fluctuation between currencies of member states (the arrangement known as the "snake"). Several member countries of the Community have withdrawn from this arrangement in the last two years. Moreover, the resolution covering the second stage of EMU, which was due to have begun in January 1974, has never been formally adopted. The goal of EMU is still regarded in the Community as a valid, though distant, objective, and was endorsed by the Paris heads of Government meeting in December 1974; but there is growing awareness that the original blueprint for attaining EMU by 1980 is impracticable, and heads of Government in 1974 tacitly discarded the stages of progress towards EMU which were endorsed by the Paris Summit in 1972.'

The White Paper affirms, however, that 'The Government acknowledge the importance and value of close consultation and co-operation with other member states on economic and monetary questions. Such consultation has provided a good foundation for joint action by the member states on these questions in wider international groupings.'

Regional, Industrial and Fiscal Policies

The White Paper states that the Government has been particularly concerned about Articles 92-94 of the Treaty of Rome, which contain provisions about the admissibility of state assistance to industry. It points out that the European Commission, in co-operation with the member states, has the duty to keep systems of aid under review and the responsibility for deciding whether they are compatible with the common market, having regard to the provisions of the Treaty. It adds that a decision of the Commission may be over-ruled by a unanimous decision of the Council of Ministers and is also subject to review by the European Court of Justice.

The White Paper continues: 'The Government have no difficulty in accepting the need for Community rules about the admissibility of state aids. Such rules are a feature of international agreements for customs unions and free trade areas: for example, the European Free Trade Area Convention and the free trade agreements between the EFTA countries and the Community. Customs unions or free trade areas exist to enable goods to move freely between the member states in fair competition. This competition could be distorted if each member state was free to give unlimited aids to its own firms, and there would be a risk of a competitive bidding-up of aids between member states which would be contrary to the general interest. Common rules can thus give a fairer deal to the less well off regions in the member states by preventing the more prosperous countries from attracting projects to themselves by offering higher aids, at the expense of the less prosperous.'

It adds that the Government accepts the need for central administrative arrangements to apply these rules, and is satisfied that, in operating these arrangements, the Community institutions are responsive to the essential needs of the member states.

On the subject of regional policy, the Prime Minister in his Commons statement said that in Commission proposals for co-ordinating regional aids – drawn up after intensive discussion with member countries – the suggested hierarchy of assisted areas was in conformity with that adopted in Britain. No forms of national aid were ruled out in principle and there was no interference with Britain's existing regional aids. Derogation was being obtained for assistance given by the Highlands and Islands Development Board, which had caused difficulty.

'In discussing the way in which regional aids might be changed to meet new circumstances', the Prime Minister continued, 'the Commission has furthermore acknowledged that national Governments are the best judges of what is required in their own country and that the Commission will be prepared to consider changes in national aid systems compatible with the Common Market, when they are justified by problems of employment, unemployment, migration and by other valid requirements of regional development policy which constitute essential national problems. The Commission has further accepted that urgent action by Governments may be necessary and that treaty procedures will not hold this up.'

Turning to industrial policy, Mr Wilson told the Commons that Britain had not met with any serious difficulties arising from Community membership in this area during the past year. Aids given under the Industry Act 1972 had been reported; the Treaty of Rome specifically permitted nationalisation; and Government participation in the equity of a firm did not in itself raise problems under the treaty.

'The Commission has accepted that in urgent cases we shall provide aid without first giving it an opportunity to comment. In such rescue cases a solution might be that when we prepare a plan to restore the firm concerned to viability we should discuss it with the Commission within the following six months.'

The Prime Minister continued: 'The Commission has not yet commented on the Industry Bill [see pp 104-6]. The proposals for the National Enterprise Board and for Planning Agreements have much in common with arrangements in other member states. They are in no way incompatible with the treaty, provided that the Government's powers are not exercised so as to damage the competitive position of undertakings in other member states – a principle which we accept, as we have in the case of regional policy.'

With regard to the question of the steel industry – which Mr Wilson in his statement described as 'more difficult' – the White Paper draws attention to the fact that because of the repeal of Section 15 of the 1967 Iron and Steel Act by the 1972 European Communities Act, and the absence of such provisions in the European Coal and Steel Community (ECSC) Treaty, 'neither the Government nor the Commission has the power to ban a project for private steel investment which does not accord with general policy'. The British Steel Corporation – the public sector of the industry – was required, however, to obtain the approval of the Government for its investment plans, and this was not in conflict with the ECSC Treaty.

The Prime Minister reminded the Commons in his

statement that the Foreign and Commonwealth Secretary had told the Council of Ministers that it might be necessary to ask for a revision of the treaty if there was no other way of solving this problem. He said: 'If, as part of the control of the economy, the Government – any Government – have to hold back the level of new investment in the public steel sector, it is unacceptable that the private sector should be free to expand where it wants and by as much as it wants, thus adding to the inflationary pressure on resources, quite apart from the location and regional problems, for example, in areas where steel men have been made redundant by technological change.'

Mr Wilson continued that other member countries had found methods of dealing with similar problems which did not involve treaty amendment, and Britain would study them. He said that if this were to fail, the Government could still have recourse to extending public ownership, or to proposing treaty revision.

On the question of fiscal policy, the White Paper reports that work is proceeding to establish, on the basis of unanimous agreement, harmonised structures of indirect taxes other than VAT. (For VAT see below.) No proposals had been made for harmonising rates of indirect taxes.

Capital Movements

The Prime Minister said that Britain had made use of the relevant articles of the Treaty of Rome to revert to broadly the same exchange control regime as had applied before entry. The White Paper adds that 'It is clear that action to control capital movements in order to protect the balance of payments can be taken when necessary and that there is no question of the Community attempting to impose rules which would force this country to remove controls over capital movements when this would damage our balance of payments or employment policies.'

The Commonwealth and Developing Countries

The White Paper refers to 'major improvements in the Community's approach to its relations with the outside world'. It says that much remains to be done, but 'renegotiation has established that the Government's essential objectives can be secured, and they are satisfied of our ability as members of the Community to ensure that the momentum of future change is maintained'.

It details the 'substantial changes' which have been secured in a number of Community policies. These relate to continued access on fair terms for sugar produced by developing countries and for New Zealand dairy products; and to reductions of Community tariffs on items of interest to Commonwealth and other countries. The White Paper also refers to major improvements in the Community's Generalised Scheme of Preferences for 1975, and to the acceptance of the principle that financial and technical aid should be given to developing countries without special relationships with the Community.

With regard to the Convention of Lomé, which links the Community with 46 developing countries from Africa, the Caribbean and the Pacific, including 22 Commonwealth countries, the Prime Minister in his statement said that it had 'rightly been described as historic'. (For details of the Convention see pp 51-3.) He added: 'For this and other reasons, almost all Commonwealth countries, advanced and developing, have expressed their hope that Britain will stay in the Community'.

The Prime Minister went on:

'As to the Asian countries such as India, Sri Lanka, Bangladesh and Pakistan, a good deal has been achieved for them already. They have benefited from EEC emergency aid to those countries most seriously affected by the oil price rises. India has an agreement with the EEC, and the other three are negotiating them. The Generalised Scheme of Preferences has been much improved, and earlier this month the Council of Ministers agreed to work for continuing improvements to the scheme, with particular emphasis on the interests of the poorest developing countries including those of the Indian subcontinent.

'But it cannot at this stage be claimed, putting aside what has been achieved, good and less good, that all the problems so far as Asian countries are concerned have as yet been solved. In principle, yes, but there is so far no commitment about the necessary financial provision.'

Value-Added Tax (VAT)

The Prime Minister in his statement referred to the commitment that there should be no harmonisation of VAT requiring the taxation of necessities. He said that proposals being discussed in the Community concerned attempts to agree a uniform assessment base and included provisions for zero-rating. 'Contrary to the situation four years ago, this VAT problem of harmonisation is no longer a real threat. So far from harmonising, a number of countries are insisting on increasing the number of VAT rates within their own tax systems and it seems there is no danger to our freedom here at all', the Prime Minister concluded.

Other Considerations

A separate chapter in the White Paper discusses aspects of the Community other than those which have been the subject of renegotiation but which are relevant to the general issue of membership. It points out that with regard to some Community policies 'the United Kingdom stands to receive benefits, initially modest but later potentially substantial'.

On the question of trade, the White Paper says: 'The Community is one of our largest and fastest growing markets. Access to this large market should lead to increased specialisation, standardisation, investment in new capacity and longer production runs. The lack of these are important factors in explaining our relatively poor economic performance compared with that of other advanced industrial countries.

'The trade of member states with one another, as a proportion of their total trade, has risen from 36 per cent in 1957 to nearly 53 per cent in 1973. Within these totals, the growth of United Kingdom trade with the Community, in both directions, since entry has been substantial.'

With regard to the removal of barriers to trade by the harmonisation of industrial and food standards,

the White Paper says that Britain has worked in the Community for a less doctrinaire approach, and it points out that the Commission and other member countries accept that there should be common standards under which a product may be traded freely 'without imposing restrictions on national tastes or preferences'. It says that the Government will 'continue to be vigilant in securing a sensible and selective approach towards harmonisation'.

The White Paper recognises that Community policies have been regarded in the past as primarily responding to the interests of producers. 'But a Community Consumer Protection and Information Programme is now to be adopted which recognises explicitly the right of consumers to be represented and consulted during the development of Community policies', it says.

Underlining the importance of energy policy for the Community – the greatest single oil-importing area – the White Paper considers that member states are in a position to co-ordinate their positions for wider international discussions on the energy crisis. It says that the Government welcomes steps towards a common Community energy policy, provided it is conducted in a realistic fashion. The Commission has made it clear, it continues, that it is no part of its purpose to threaten Britain's ownership or control over its own natural resources, such as North Sea oil and gas. The White Paper adds: 'The Government's aim is to co-operate in those measures which will help the Community towards its main goal of reducing dependence on imported energy, for example through conservation programmes and the research and development of new energy resources.'

Turning to the consultation on broad questions of foreign policy which takes place between members of the Community under the machinery for political co-operation, the White Paper refers to the many questions considered in the United Nations, the problems of the Middle East and Cyprus, and to developments in Portugal, Latin America and Africa, on which there has been close co-operation. It says: 'The member states feel increasingly that they are more likely to attain their objectives on international problems if they do so together, and in close co-operation with other countries and in particular their friends and allies. In this connection the Government welcome the arrangements agreed in 1974 for consultation between the United States and the Nine on foreign policy subjects.

'The United Kingdom is able to obtain the benefits of this European co-operation in international foreign policy problems because it is a member of the Community. Non-members of the Community do not participate.'

British Sovereignty

In a chapter concerned with the effects of Community membership on the different aspects of sovereignty, the White Paper recognises that it 'involves some changes in the position of Parliament and in its relationship with the Executive'. But it adds: 'The question of whether this change is acceptable has to be considered in the total context of the advantages and disadvantages of Community membership.'

The White Paper points out that membership of interdependent groupings such as NATO, the GATT and the IMF imposes rights and duties. 'As the Community goes beyond other international groupings in the extent of its aims and common action', it says, 'its institutions are correspondingly more developed and entail a greater pooling of sovereignty than other organisations.'

It emphasises, however, that the power of political decision in the Community rests with the member states. The Prime Minister in his Commons statement said with regard to this issue that 'renegotiations, agricultural and financial crises, whatever the causes may have been, all have played their part in putting more power into the hands of national ministers meeting in the Council of Ministers'. Mr Wilson added: 'A fundamental change not in the treaty but in the practice has been brought about by the new system of heads of Government summits of a regular, routine character. . . . This system has already, *de facto*, reasserted a degree of political power at top level, not only over the month-by-month decisions but over the general method of operation of the Market. This does not mean that it has become a *Europe des patries*. It is a Community. But, as compared with even a year ago, vital interests of individual nations are now getting much more of a fair hearing. . . .'

On the question of the role of the European Commission, the White Paper considers that permanent institutional machinery for ensuring that the treaties are observed is clearly in the interests of all the signatories; and it points out that the Commission's power to issue legislative instruments is relatively limited and largely concerned with the detailed implementation of Council legislation in such areas as the CAP and the customs union. It adds that the Commission has the role of putting forward proposals to the Council, which often form the basis of new decisions by the member states. The agreement on the budgetary correcting mechanism (see p 143), it points out, was based on detailed suggestions put forward by the Commission at the request of the Community's heads of Government.

The White Paper goes on to raise the question of how the system of directly applicable law made by the Community can be reconciled 'with our constitutional principle that Parliament is the sovereign legislator and can make or unmake any law whatsoever'. It points out that Britain's future membership of the Community depends upon the continuing consent of Parliament, which has the 'undoubted power' to repeal the 1972 European Communities Act authorising the application in Britain of directly applicable Community law.

On the question of Parliament's role in the making of any particular Community law, it says: 'Parliament operates in the Community law-making process by exercising its traditional role of controlling and restraining the Government against the background of the ultimate sanction of withdrawal of confidence. This applies to Ministers when they are sitting in the Council in Brussels as much as when they are taking decisions solely as members of the Government of the United Kingdom.'

The White Paper also draws attention to the Scrutiny Committees of both Houses of Parliament whose task is to examine all Commission proposals for Council legislation and other documents published by the Commission for submission to the

Council, and to report in particular on those which should be debated in Parliament in view of their political or legal implications. It considers that in many cases 'Parliament is able to consider proposals at a much earlier stage in the policy-making process than if the proposals were for United Kingdom subordinate legislation', and that Parliament's supervision is greater 'because the Community practice is to include in legal instruments decisions which we might take administratively'. The White Paper says that the Government intends to make these arrangements more effective.

Turning to the future development of the Community, the White Paper says there is no agreement among member states 'on what European Union means beyond a general aspiration to closer co-operation. [The Government] welcome the new and more realistic approach adopted by heads of Government in December 1974 when M Tindemans, Prime Minister of Belgium, was invited to prepare a report on the subject by the end of 1975. This should enable member governments to define what their purpose is. The Government's view, which is shared by a number of other member states, is that closer co-operation is desirable and must be pursued in a pragmatic way, but that there is no wide support elsewhere in the Community for moves towards a centralised federal state.'

Britain and the Wider World

The Prime Minister in his Commons statement said that if Britain remained in the Community, it would not be 'entering into a narrow regional grouping to the detriment of its worldwide relationships'. Emphasising his own prime regard for the Commonwealth, he said:

'We have to face the fact that practically all the members of the Commonwealth, deciding on the basis of their own interests and what is good for them, want Britian to stay in the Community. Of course, it is a fact that many have diversified their trade away from Britain in the past four years. In many cases they felt themselves forced to do so as a result of the 1971 decision and terms. But a number also, New Zealand for example, have entered on a radical reorientation of their political stance related to the region surrounding them and are developing their economic policies in a similar direction.'

Mr Wilson also considered that Britain's continued membership would not in any way weaken its transatlantic relationships. 'Relations with the United States are closer and better than they have ever been at any time, certainly in this generation, and in some contrast to what they have been in very recent times', he said.

After detailing the adverse consequences of a British withdrawal from the Community, the White Paper states that 'Through membership of the Community we are better able to advance and protect our national interests – this is the essence of sovereignty. We are only at the start of our relationship with the Community: we can now begin to play a full part in its construction and development. The Community has shown that it is a flexible organisation, which is ready to adapt to the changing circumstances of the world and to respond to the differing needs of member states.'

In summing up his speech in the course of the House of Commons debate on the Government's recommendation, the Prime Minister said: 'My judgment, on an assessment of all that has been achieved and all that has changed, is that to remain in the Community is best for Britain, for Europe, for the Commonwealth, for the Third World and the wider world.'

VIEWS OF OTHER PARTIES

Both the Leader of the Opposition, Mrs Thatcher, and the leader of the Liberal Party, Mr Thorpe, spoke in favour of the Government's recommendation during the House of Commons debate. Speaking on the second day of the debate (*Hansard*, 8.4.75, cols 1021-33), Mrs Thatcher emphasised the Conservative Party's consistent support for British membership of the Community. She indicated four principal arguments in support of it.

'The paramount case for being in,' she said, 'is the political case for peace and security.' Because Western Europe was working together in the Common Market, it was now taken for granted that it would not embark again on its own destruction. Mrs Thatcher also stressed the importance of co-operation in the Community on economic issues which affected everyone.

'The second reason concerns what I believe to be most important – access to secure sources of food supplies', she said. At a time when the world's food reserves were smaller in proportion to its consumption than they had ever been, it was important for Britain to obtain steady access to the Community, which could be self-sufficient in many agricultural products.

Mrs Thatcher's third reason was that it was a great advantage for Britain to be a part of what was the largest trading and aiding unit in the world. Other countries were far more interested in supplying the Community than they would be in supplying Britain alone. She added that by bargaining as part of a Community, Britain was more likely to get access to the raw materials it needed.

Turning to the fourth argument, the Leader of the Opposition said that membership of the Community provided a world role for Britain. 'The Community opens windows on the world for us which since the war have been closing', she said. 'It is already strong and already a major influence in the world.'

Mr Thorpe in his speech (*Hansard*, 7.4.75, cols 847-58) described himself as 'an enthusiastic European'. He said: 'Not only is it vital that we remain full members of the Community, but . . . [Britain's] interests would be gravely undermined if we were to withdraw.'

STATEMENT BY SIX MINISTERS

Five of the members of the Cabinet who dissent from the Government's recommendation – Mr Shore, Mr Benn, Mrs Castle, Mr Silkin and Mr Foot – together with the Minister of Overseas Development, Mrs Hart, issued a statement on 24 March outlining the reasons for their opposition. The statement says that 'in spite of the exertions of our negotiators, the results have fallen far short of our minimum aims'.

The ministers say that the material effects of Britain's membership of the Community remain

markedly unfavourable, giving as examples dear food under the CAP; 'intrinsically unfair' contributions to the Community budget; 'an appalling trade deficit' with the countries of the Community; and little progress in aid and trade relations with the Asian Commonwealth countries, although the Ministers acknowledge the benefits to other developing countries of the Convention of Lomé.

The statement goes on to say that the gravest disadvantages are political. 'The rights of our own people and the power of Parliament remain, at the end of the negotiations, subordinate to the non-elected Commission and Council of Ministers in Brussels.' The Treaty of Rome continued to be 'the written constitution of the UK'.

The Ministers consider that 'absorption of Britain into a regional *bloc* in Western Europe' would hinder its ability to co-operate with the rest of the world. They offer continued co-operation and alliance with Western Europe, but 'what we deny is both the benefit and the reality of a special and exclusive relationship with the Common Market; and what we reject is the underlying purpose to create a new single state in Western Europe'.

DUBLIN HEADS OF GOVERNMENT MEETING

The conclusion of the renegotiations came at the meeting of the European Council of the Community's heads of Government on 10 and 11 March in Dublin. Agreement was reached on the two outstanding renegotiation issues – the 'correcting mechanism' for the Community budget, and the Community's treatment after 1977 of New Zealand dairy products. Details of the agreements are given below.

In addition, the heads of Government discussed the economic situation in the Community, energy, the Conference on Security and Co-operation in Europe, Cyprus, and Britain's proposals on raw material and food supplies which are to be discussed at the Jamaica meeting of the Commonwealth heads of Government (29 April-6 May).

Community Budget Correcting Mechanism

The correcting mechanism is designed to compensate a member state which is paying an unfair contribution to the Community budget in a situation which can be defined as 'unacceptable' and 'incompatible with the smooth working of the Community'.

Under the so-called 'own resources' system, the Community budget is financed by the transfer to it by the original member states of receipts from levies and other duties charged under the Common Agricultural Policy, and receipts from the common commercial tariff. Ten per cent of these 'own resources' is repaid to these member states to cover the costs of administering the scheme. The budget total is made up by contributions from member states based on their share of Community GNP, pending agreement on the collection of a rate of VAT not exceeding 1 per cent on a uniform basis.

Under transitional arrangements, Britain will not apply this system in full until 1980. Until then, its contributions are governed by provisions in the Treaty of Accession.

The correcting mechanism agreed by the heads of Government will operate if a member state finds itself in an 'unacceptable situation'. This would be characterised by the state of its economy and the payment of a disproportionate contribution to the budget.

In order to qualify for a refund, the member state would have a GNP *per capita* below 85 per cent of the Community average, and its rate of growth of GNP *per capita* would be below 120 per cent of the Community average. (The growth limit is set at this level in order not to penalise those member states whose economies are progressively 'catching up' with those of other member states.) These comparisons would be made on the basis of a moving three-year average.

Repayments would also be influenced by the state of the member state's balance of payments (see below).

A disproportionate contribution to the budget will be said to exist if the member state's share of total payments into the budget exceeds 110 per cent of its share of the Community's GNP. The member state must also have 'a net potential foreign exchange liability' – i.e. an excess of contributions over direct receipts – as a result of the operation of the Community budget.

When these qualifications are met, reimbursement will be calculated according to a sliding scale, under which there will be no repayment in respect of any excess contributions between 100 and 105 per cent of the member state's GNP share, but thereafter an increasing proportion will be refunded, reaching 100 per cent for an excess contribution of over 130 per cent of GNP share.

However, the total reimbursement, which will be made from the following year's budget, will be limited by the lowest of the following three ceilings:

1 Up to 250 million units of account (mua) for any qualifying member state in any year. Since the mechanism is to operate on the basis of market exchange rates and not at the usual budget exchange rate, this limit amounts to about £125 million at current rates. If the total Community budget amounts to more than 8,000 mua, the limit will be set at 3 per cent of the budget total;

2 The amount of the net foreign exchange burden imposed by implementation of the Community budget by the member state;

3 The amount of VAT 'own resources' paid by the member state, or their equivalent.

If a qualifying state has a balance of payments surplus on current account on a three-year moving average, the correction will relate only to the difference between its share of total VAT payments (or their equivalent) and the figure which would result if calculated on the basis of its share of Community GNP.

Britain is expected to qualify for reimbursement in 1977 or 1978 and in subsequent years. The White Paper estimates that this could amount to about £125 million a year. It adds: 'The precise amounts are impossible to predict because they depend on a wide range of unknown factors. But the assurance of a refund if our contribution goes significantly beyond our GNP share represents, in the Government's view, a major improvement in the terms of our membership of the Community.'

New Zealand

The agreement on New Zealand dairy products established guidelines relating to their access to the Community after 1977.

Protocol 18 of the Treaty of Accession laid down special arrangements governing Britain's imports of specific quantities of butter and cheese from New Zealand. These arrangements are due to expire in 1977, but the protocol provided for a review in 1975 of the treatment to be accorded to butter imports after the expiry date. The retention of special arrangements for cheese was prohibited by the protocol.

The guidelines agreed by the Community's heads of Government were described by Mr Wilson in a Commons statement (*Hansard*, 12.3.75, cols 509-12) as 'a substantial improvement on the existing protocol'. It was agreed that arrangements after 1977 should not deprive New Zealand of essential outlets, and that for the period 1978-80 Community imports of butter could remain close to deliveries by New Zealand in 1974-75, depending on future market developments.

The heads of Government also accepted the need for the periodic review of prices paid for New Zealand dairy products in the light of the movement of Community intervention prices, the world supply and demand situation, and cost developments in New Zealand.

In addition, it was agreed that urgent attention should be given by the Community to the problems which might arise for New Zealand from the termination in 1977 of the special arrangements for cheese. Mr Wilson told the Commons that 'we have now kept open the option for some continuing imports of New Zealand cheese after 1977 . . .'.

Detailed proposals for implementing these guidelines are expected to be presented by the Commission during the summer.

Law of the Sea

THIRD UN CONFERENCE

The Third United Nations Conference on the Law of the Sea was reconvened in Geneva on 17 March. On the basis of work done in last year's session in Caracas (see pp 264-6 and 345-6, 1974) 140 countries are meeting for eight weeks until 10 May with the objective of reaching agreement on the points to be covered by a convention. The signing of any documents which emerge will take place at a further session in Caracas.

In a message to the opening session, read on his behalf, the Secretary-General of the United Nations, Dr Kurt Waldheim, referred to the 'remarkable advance' represented by the recognition 'that the seas and the oceans are the concern of all, and that the vital matters of their efficent and equitable regulation can only be 'resolved by global strategies and understandings, within which intra-national, bilateral and national policies must be framed'. The Caracas session, he continued, by providing agreements on the machinery for decision-making and through the emergence of certain dominant trends in the global debate had laid the foundations for the intense informal negotiations which had followed it. Dr Waldheim said that it was 'now of urgent importance that further real progress is made in this session'.

Previous Sessions

The first session of the Third Conference was an organisational conference held in New York in December 1973, at which officers were elected and work begun on procedural rules.

A second session, held in Caracas in mid-1974, heard the views of delegations, first in general statements by 115 countries in plenary sessions and then in committee discussion of specific issues. Afterwards in closed informal meetings delegates drew up draft treaty articles, often in alternative forms. Negotiations at Caracas have been continued on an informal level in the period between Caracas and the present session in Geneva.

The work of the conference is carried on in three main committees, each of which is composed of representatives from all participating states. The First Committee is concerned with a legal regime (body of rules) and machinery (international authority) for the area of the sea-bed beyond the jurisdiction of individual states. At Caracas it produced 21 draft articles on a future sea-bed regime. At Geneva this committee will continue negotiations on the sea-bed regime, with particular regard to the system and conditions for exploration and exploitation. It will also be considering the structure and functions of a sea-bed authority.

The Second Committee dealt, in Caracas, with a wide range of issues, from the territorial sea and the proposed economic zone to the rights of land-locked countries and the special problems of archipelagos. A set of working papers containing 244 provisions drafted in treaty language was produced. At Geneva the committee is to conduct a second reading of these papers with a view to narrowing areas of disagreement and reducing the number of alternative versions.

In Caracas the Third Committee produced draft articles on preservation of the marine environment and on marine scientific research. At Geneva the committee will continue its work, particularly on the issues of standards, jurisdiction and enforcement of anti-pollution rules. It will again consider research and has yet to consider the development and transfer of technology.

British Policy

Speaking at a press conference in Geneva on 3 April the Minister of State for Foreign and Commonwealth Affairs, Mr David Ennals, called for 'a greater sense of urgency' at the third session and said that the British Government was 'extremely anxious that there should be agreement at least in principle on the major items before the end of this session in Geneva'.

The position of the British Government was clear, he said. 'We want a convention embracing all the main issues and commanding the widest possible support.'

The British Government had sought compromise on a number of issues. It now strongly supported the idea of a 200-mile economic zone but desired

freedom of navigation and overflight within this zone. 'We cannot accept a zone within which the rights of the coastal state are so extensive as to make it virtually a territorial sea.' So far as offshore oil was concerned, Mr Ennals continued, it was the British view that under existing international law a coastal state already had sovereign rights to exploit sea-bed resources to the outer edge of the continental margin. Britain wanted to see this principle reaffirmed in the new convention but was anxious to seek compromise proposals which would increase the likelihood of achieving broad agreement and so was prepared 'to look seriously at the idea of some sharing with the international community of the revenues from the area between 200 miles and the outer limit of the continental margin'.

For the area beyond national jurisdiction Britain wanted to see an international regime which would ensure the rational development of sea-bed resources in the area and that the benefits were available for mankind as a whole, taking into particular consideration the needs and requirements of developing and land-locked countries. In his view, the Minister said, 'the idea of joint ventures between the international authority and state or private enterprises offers the best basis for agreement'.

Mr Ennals then spoke of marine pollution. He said that Britain's previous position had been to support flag-state jurisdiction but that 'we are now prepared to see the enforcement of internationally agreed regulations shared between the flag state and the port state, with investigatory powers by the coastal state'.

Britain had also been trying, he said, to achieve a wider understanding of the reasons why it and some other states attached so much importance to unimpeded transit through straits used for international navigation. 'We have put forward specific provisions which in our view reconcile the interests of maritime states and straits states.'

In conclusion Mr Ennals again emphasised the importance of a new convention and its necessity if unilateral action by some states was to be avoided.

Commonwealth: Food Production and Rural Development

The first Commonwealth Ministerial Meeting on Food Production and Rural Development was held in London from 4 to 12 March, attended by Ministers and senior officials from 33 countries of the Commonwealth. The meeting followed a suggestion by Britain's Minister of Overseas Development, Mrs Judith Hart, to Commonwealth representatives at the World Food Conference in November (see pp 21-3), that Commonwealth Ministers should discuss how impetus might be given in a Commonwealth context to conference resolutions on these subjects. Mrs Hart, who was elected to chair the meeting, spoke afterwards of its 'positive outcome'. It had 'translated concern into action points for Commonwealth co-operation on rural development and food production'.

Speech by Secretary-General

In his opening speech to the conference the Commonwealth Secretary-General, Mr Arnold Smith, gave reasons why the Commonwealth should concern itself particularly with improving life on the land: a high proportion of its population were among the rural poor, and it contained 44 per cent of the developing countries' population – as well as three leading food exporting nations, and a great food importing nation, Britain, which had a special interest in and knowledge of tropical agriculture. The Commonwealth formed a unique bridge between developed and developing nations; and its shared working language and working traditions made easier the quick effective action which was an essential need in this area.

For realistic international action on rural problems, Mr Smith said, new forms of co-operative self-reliance must be worked out; and, as an example of this, he drew attention to the Commonwealth Fund for Technical Co-operation (CFTC) (see p 377, 1973), whose special feature was that it so often involved the provision of expert help from one developing country to another. He hoped that the meeting would produce proposals for using the resources of the CFTC to help improve food production and rural development, and that it would also work to ensure that these areas obtained a greater share of the available development aid resources.

Proposals for Action

In the final report of the meeting, Ministers agreed that the Commonwealth had special features which could help solve world food production problems, and that its actions should supplement, and be co-ordinated with, those of the relevant world bodies. Food production was considered in the context of the overall development of rural areas, and was taken to include fisheries and forest output.

The view of the meeting was that food production and rural development should be given the highest priority in both national and international efforts. It recognised that developing countries, to ensure this priority, needed to strengthen and adapt their institutions for rural development, by encouraging co-operatives and other community agencies; they should pay particular attention to land reforms, inputs such as water and fertilisers, the pricing of farm products, and help for farmers to improve their techniques. The meeting identified an especial need to concentrate on making fertilisers available, and to improve and implement techniques for water supply and control. In both cases international action and development assistance were needed.

The meeting agreed that international assistance for rural development should be increased; and it noted that Commonwealth donor countries had both increased their aid and shown their readiness to direct more of it to agriculture.

A major proposal for action was the meeting's request to the Secretary-General to set up a Food Production and Rural Development Division within the Secretariat, to intensify the latter's involvement with technical assistance in these areas. The division would initially be funded through the CFTC, and, *inter alia*, would identify people with especially

relevant skills, and advise on the recruitment and training of experts to assist in raising food production in developing countries.

A number of other matters were identified as requiring Ministers' further consideration; and the Commonwealth Heads of Government Meeting, to be held in Jamaica in April-May, was urged to give the highest priority to the meeting's initiatives.

Britain's Position

Britain's views were given to the meeting on 5 March, by Mr John Grant, Parliamentary Secretary to the Ministry of Overseas Development (ODM). Mr Grant reiterated the British position (see pp 22-3) that, while food aid was an inevitable immediate requirement, 'the real target for our joint efforts should be a sustained increase in food production in the deficit countries themselves, and improved arrangements for its conservation and more equitable distribution'. This was the message of the World Food Conference, supported in earlier speeches by Australia, Canada and New Zealand also. 'I can say without equivocation', Mr Grant stated, 'that the British aid effort will be increasingly geared towards helping the poorest people in the poorest countries.' To Britain this meant, 'above all, rural development'.

In the area of immediate needs, Mr Grant referred to Britain's financial support of the European Community's substantial food aid contribution, and to the Government's recently announced contribution of a further £5 million to the World Food Programme (see p 23), made to encourage the agency's increased attention to the most seriously affected countries and notably Britain's Commonwealth partners in Asia. Although Britain imported most of its fertiliser materials, it had made one of the earliest contributions [of 25,000 tons of fertiliser] to the Food and Agriculture Organisation's scheme, supplemented by the direct provision of 10,000 tons to Bangladesh. ODM was studying means of giving further, longer-term help to the neediest countries: Britain was also anxious to help developing countries to build up their own sources of supply, as instanced by its assistance towards creating fertiliser plants in India and Bangladesh (see p 111).

Britain's real strength lay in its ability to contribute towards increasing agricultural production in developing countries, and it was ready to tune and adjust further, as a result of the meeting, this feature of its aid capacity. ODM possessed well-tried executive instruments: the Directorate of Overseas Surveys, in conjunction with ODM's Land Resources Division, was increasingly producing specialised maps to present development potential in the form required for planners; the Centre for Overseas Pest Research (see pp 111-12) worked to prevent food and crop losses; and for all post-harvest problems, including storage, there was the Tropical Products Institute. Britain was also well equipped to help with water control and management (see p 243, 1973) and in many other ways. Technical know-how, together with adequate marketing and distribution of crops, was essential. Britain was playing its full part in providing specialised manpower: Mr Grant had himself just seen excellent examples of British expertise in fish farming in Lesotho and in the fight against soil erosion in Swaziland.

Mr Grant emphasised that it was vital for developing countries to have the policies and programmes to which a response could be made. Representatives at the meeting had expressed an encouraging determination to redirect domestic energies to the problems of the rural poor, and to seek to combine an upsurge in production with a fairer society; Tanzania's contribution to the meeting on its efforts in this respect had been particularly impressive. Mr Grant stressed the economic viability, as well as the morality, of reconciling greater social justice with the most profitable use of scarce resources – through placing 'a larger slice of existing productive assets . . . in the hands of the poor'. The donor nations must remember where their direct involvement lay: not with grandiose schemes, but with grassroots developments intelligible to the ordinary worker on the land – plans 'which can be seen to be, and therefore are, achievable'. While recognising that the quest for growth with social justice implied politically difficult choices – for example in the critical area of land reform – Mr Grant reiterated the imperative need for resolute political action, to achieve this goal by dictating the pace of social and economic change.

Turning to population growth, a problem 'which perhaps most of all makes rural development difficult and complex', Mr Grant said that it was an area demanding governments' highest priority. Britain was glad to lend its general support to the plan of action adopted at the World Population Conference of 1974, and already contributed to such bodies as the UN Fund for Population Activities (see pp 399-401, 1974). The Government would gladly increase its efforts in the field of bilateral aid; and it hoped to receive a growing number of requests for assistance. Great importance was attached in the British aid programme to providing advice and technical training in this area: for example, a new Centre for Overseas Population Studies was being initiated in London (see pp 112-13). The advisers of ODM's Population Bureau were always ready to help with project formulation.

On the role of women in rural development, Mr Grant said that Britain was always prepared to consider proposals benefiting women – for example, schemes of mother and child health. In a Commonwealth context, he noted that nearly 40 per cent of all Commonwealth Education Study Fellows in Britain last year were women. Britain hoped that all future projects presented to it would 'take account of the interests of women as a group'.

In conclusion, Mr Grant drew attention to the level of increase planned – despite the country's severe economic difficulties – for Britain's overall aid budget: in the year ahead it was to total about £380 million, compared with about £340 million this year; over the next four years, the planned increase in the aid budget was some 14 per cent. Nothing that the donor nations could do would really be enough, in the face of the appalling problems of poverty and hunger in the developing world. The great merit of the present meeting, Mr Grant said, was 'the added impetus it will give to our efforts to ensure that help is given in the most

effective way, and used in the area where it can make the greatest possible contribution towards combating that poverty and hunger'.

Britain and Mexico

ROYAL VISIT

The Queen, accompanied by the Duke of Edinburgh, paid a state visit to Mexico from 24 February to 1 March. This was the Queen's first visit to Mexico. It followed the state visit to Britain by the President of Mexico and Señora de Echeverría in April 1973 (see p 205, 1973).

The royal visitors spent two days in Mexico City and afterwards went to several other centres. They carried out a number of formal and informal engagements and their programme included a visit to the ancient pre-Columbian sites of Mexico. Everywhere they were warmly and enthusiastically received by the Mexican people.

AGREEMENTS SIGNED

While the Queen and the Duke of Edinburgh were carrying out their programme, discussions were taking place in Mexico between groups of British and Mexican businessmen, who on 28 February concluded a trade agreement in Veracruz; and between Mr David Ennals, Minister of State, Foreign and Commonwealth Office, and the Mexican Foreign Minister, Dr Rabasa, who on 25 February signed a technical co-operation agreement and an agreement on cultural relations.

In a statement to the Press, Mr Ennals stressed the friendship and good relations between Britain and Mexico, symbolised by the Queen's visit. He said that the new agreements would help to broaden these relations, and added: 'We in Britain would welcome a broader, deeper relationship'. He believed that Mexico and Britain could 'enjoy a productive partnership and make a real contribution to the solution of the problems which confront the world'.

ECONOMIC AND CULTURAL RELATIONS

Trade between Britain and Mexico has been growing steadily over the past decade, and British exports to Mexico – primarily capital goods and machinery – are provisionally estimated to have reached over £60 million in 1974 (£39·7 million in 1973), constituting some 12 per cent of all British exports to Latin America. Imports from Mexico, which in 1973 amounted to £10·3 million, rose by more than 70 per cent in 1974. They included foodstuffs, textiles, chemicals, minerals, machinery and other manufactured articles. Under the trade agreement signed during the Queen's visit, Britain will import additional sugar and molasses.

British industry and commerce are playing an increasing role in Mexico's economic development, particularly in the form of joint ventures. The most significant example is the participation of British firms in the expansion of Mexico's steel industry, both at the Las Truchas steel project on the Pacific coast and at the major steel complex at Monclova. Among other important projects is the supply by British firms of 21 fast fishery protection vessels, built to Mexican specifications. One of these was visited by the Queen in the port of Veracruz. Britain is also participating, largely through the supply of equipment, in the expansion of Mexico's electricity generating capacity, in the mining and textile industries and in airfield instrumentation. British investment in Mexico, estimated to be worth about £250 million, is second only to that of the United States. Its main concentration is in the construction and pharmaceutical industries and the manufacture of diesel engines.

Under Britain's programme of technical co-operation with Mexico assistance is expected to exceed £600,000 in value in 1974-75 compared with £52,000 in 1968. Its major component is the provision of training in Britain. There were more than 200 Mexican students and trainees in 1973-74. In Mexico the largest technical co-operation project is the supply of equipment and training in connection with the Las Truchas steel undertaking; but British equipment, specialists and consultants have also been provided for a number of other schemes.

Cultural links between the two countries, pioneered by the work of British scholars in investigating the Maya civilisation, are today fostered primarily by the British Council. The council played an important part in the foundation of the Anglo-Mexican Institute of Culture which, at its branches in Mexico City and Guadalajara, teaches English to more than 11,000 students, undertakes teacher training and arranges a comprehensive programme of cultural activities. In addition, the council has an annual programme of scholarships, bursaries and sponsored visits to Britain and it sponsors educational and cultural visits to Mexico. The number of British students in Mexico is increasing, encouraged by the Anglo-Mexican Exchange Scheme under which exchange visits for up to 25 young people from each country are arranged annually, each group being financed by the host country. (For further information see *Anglo-Mexican Relations*, COI, SN5985, January 1975.)

Indo-China: British Relief Aid

In the context of the increasing suffering brought about by continuing hostilities in Indo-China, the Minister of Overseas Development, Mrs Judith Hart, made two announcements on the subject of British relief aid.

In her first statement, issued on 3 April, she said that, subject to parliamentary approval, a sum amounting to £750,000 would be made available for relief in South Vietnam and as necessary in other affected areas of Indo-China. A further £500,000 was being provided for the UNICEF Indo-China programme, which was assisting in Cambodia.

The whole of Britain, she said, had been shaken by what it had seen of the human distress in South

Vietnam – particularly the suffering of the children. 'Families have been dispersed and scattered as the war has moved south, and many children have been separated from their parents or orphaned. The Government wishes to provide urgent help. I am particularly anxious that the help we give shall emphasise the need of the children. We must be thoughtful and careful in what we do. Hopefully many children can be reunited with their families in the villages, so the immediate and urgent need is to care for them until the situation stabilises.'

On 9 April Mrs Hart made a statement in the House of Commons (*Hansard*, cols 1226-7) announcing that she now proposed to increase the sum for relief aid from £750,000 to £1 million, and went on to describe how it would be used:

'An initial £100,000 has gone to the International Red Cross, which is able to operate both in areas controlled from Saigon and those controlled by the PRG [Provisional Revolutionary Government]. It has already begun to fly in condensed milk and other supplies from Singapore. It is now working out its detailed programme, and I propose to allocate a further £150,000 to the IRC for this work, bringing its total grant to £250,000.

'The British Disasters Emergency Committee, representing the major British voluntary societies, met yesterday to hear the latest reports from the field and to make detailed plans for making help available to those in need – particularly the children. I discussed the situation last night with their representatives and I am clear that through their various contacts they will be able to find ways of operating throughout South Vietnam. I therefore intend to make available to the committee a contribution of £250,000 towards the immediate operations of the British voluntary societies for bringing relief to Indo-China. The committee and the societies are already working out the logistics with help from my Disasters Unit [set up in 1974 – see p 314, 1974].

'UNICEF and the United Nations High Commission for Refugees have now issued a joint appeal for money for combined emergency relief programmes. They will be provided throughout South Vietnam, and in Cambodia, on both sides of the war-lines. I propose to make immediately available to them £250,000 in response to this appeal. This is additional to a contribution of £500,000 which was made available last week to the UNICEF Indo-China programme following my announcement last July[1] of a total British contribution of £1 million. . . .

'This leaves a further £250,000 available at present for allocation as the plans of the international and British aid agencies become clearer.'

Mrs Hart went on to reiterate her view that the main need was for help to be made available to children who had 'permanently or temporarily lost their parents'. While the Home Secretary, she said, had been glad to make special arrangments for the orphan children being flown to Britain from Saigon,[1] she believed it was of the greatest importance that 'compassion is expressed above all in providing help to the several thousands of children who are at risk of disease and malnutrition, and whose lives are therefore at risk, in Vietnam itself. This will be our Government priority. What we seek to do is to translate the deep feeling in Britain for the people of Vietnam into the most practical and constructive assistance we can offer.'

[1] On 22 July 1974 Mrs Hart stated in Parliament (*Hansard*, written answers, col 325) that she had approved a British contribution of £1 million over the next two years to the UNICEF programme for Indo-China. About 40 per cent would be directed to primary school reconstruction in North Vietnam and the rest would be spread over Laos, Cambodia and South Vietnam, mainly for health, education, water supply and nutritional purposes.

Shorter Notes

CYPRUS

The leader of the Turkish community in Cyprus, Mr Rauf Denktash, announced on 13 February that the Turkish Cypriot assembly had 'resolved that the autonomous Turkish Cypriot administration should be restructured and organised on the basis of a secular and federated state until such time as the 1960 constitution of the Republic . . . is amended in a similar manner to become the constitution of the Federal Republic of Cyprus, and until the said Federal Republic is established'. Mr Denktash stated that the final objective of the Turkish Cypriot community was 'to unite with the Greek Cypriot community within the framework of a bi-regional federation'. He also announced that a 50-member constituent assembly would be set up under the chairmanship of the 'president of the autonomous Turkish Cypriot administration'. This assembly held its first meeting on 24 February, chaired by Mr Denktash.

The British attitude to the announcement was outlined in a statement in the House of Commons on 14 February (*Hansard*, cols 779-85) by the Minister of State for Foreign and Commonwealth Affairs, Mr Roy Hattersley. He said that Britain deplored the Turkish Cypriot proclamation. He continued: 'A declaration by Mr Denktash does not itself alter our attitude to the legitimate Government of Cyprus nor our obligations under the 1960 treaties.' Britain continued to believe that the Clerides-Denktash talks were the best prospect for progress towards peace and stability for Cyprus. If these talks were not possible, the British Government would be available to co-operate in any other solution which was acceptable 'in terms of honour, the treaties and the United Nations'.

Since the declaration of 13 February, the intercommunal talks between Mr Clerides and Mr Denktash (see p 59) have been suspended. They are expected to resume in Vienna at the end of April.

SAUDI ARABIA: ASSASSINATION OF KING FAISAL

King Faisal, the ruler of Saudi Arabia since 1964, was assassinated in Riyadh on 25 March by his

[1] In an operation arranged by British charities about 100 refugees, mostly children, were brought to Britain on 6 April on a plane chartered by the *Daily Mail*. The Home Office facilitated the children's entry to Britain by waiving all formalities and allowing them in on a refugee basis.

nephew, Prince Faisal bin Musa'id, whose motives are not known. King Faisal is succeeded by his brother, Prince Khaled bin Abdul Aziz, who has been Crown Prince since 1965. The new Crown Prince, Prince Fahd bin Abdul Aziz, has been appointed Prime Minister.

In the House of Commons on 5 March (*Hansard*, col 264), Britain's Foreign and Commonwealth Secretary, Mr James Callaghan, spoke of 'the deep sense of shock and dismay' which had greeted the assassination, and expressed Britain's 'profound sorrow at the passing of a great Arab and Muslim statesman and world leader'. King Faisal, he continued, had 'presided over probably the most remarkable change of fortunes that any country has seen in his lifetime. In his attitude to such problems as oil prices and their impact both on his world and on the industralised world, and the great issues of peace and war in the Middle East, his was the voice of moderation and statesmanship'.

Balance of Payments in 1974

Britain's current account in 1974 is estimated to have been in deficit by £3,828 million.[1] Of the visible trade deficit of £5,259 million, £3,446 million is attributable to trade in oil, while estimated net earnings from invisibles showed a surplus of over £1,430 million.

In addition to the current account deficit, there were capital transfers of £75 million. Identified investment and other net capital inflows totalled £2,191 million (including borrowing of about £1,260 million by public corporations and local authorities) and there was a positive balancing item of £1,147 million. The resulting net currency outflow of £565 million was financed by drawings of £644 million by the Government on the $2,500 million loan facility,[2] the balance of £79 million being added to the reserves.

VISIBLE TRADE

In 1974 there was a deficit on visible trade of £5,259 million compared with a deficit of £2,301 million in 1973. Nearly all the increase arose from the increased deficit on trade in oil which, at £3,446 million, accounted for two-thirds of the total deficit. Trade in other goods showed a deficit of £1,813 million compared with £1,360 million in 1973. The value of total exports rose by 35 per cent, about three-quarters of this being due to higher prices, while volume rose by 7 per cent. The value of total imports rose by 51 per cent, imports of petroleum and petroleum products having risen in value by 223 per cent as a result of the almost fourfold increase in the landing price of crude oil (see pp 441, 1973 and 17, 1974) and imports of other goods having risen by 33 per cent, an increase almost entirely resulting from increased prices. The increase in exports was spread fairly evenly over the main areas with the exception of a more substantial increase to oil-exporting countries and a smaller than average increase to North America. Among the main commodity groups the increases in exports were in general of the same order as the overall change though exports of chemicals increased by 69 per cent while transport equipment increased by only 18 per cent. For imports there was a rise of 43 per cent in industrial materials, including an increase of 76 per cent for chemicals, while imports of finished manufactures rose by 20 per cent.

INVISIBLES

The net surplus on invisibles is estimated at £1,430 million, an increase of about £250 million over the surplus in 1973. Gross credits rose by nearly £1,690 million to £9,670 million and gross debits by £1,440 million to £8,240 million. The balance of visibles and invisibles is shown in Table 1.

Government Account

The net deficit on Government services and transfers, at £889 million, was £97 million higher than in 1973. This increase was less than half of the increase between 1972 and 1973, higher debits due partly to adverse changes in exchange rates and partly to increased costs of military fuel having been offset to some extent by a rise of £68 million in credits, arising almost entirely from an increase in receipts from institutions of the European Community.

Sea Transport

The net debit on sea transport, at £214 million, was much higher than the deficit for 1973. There was a small improvement in the net credit for dry cargo shipping. The major contribution to the increased debit was a very large increase in the price of bunker fuel, the average for 1974 being more than double that of 1973. A compensating item which benefited the balance was the bunker surcharge of between 15 and 20 per cent on liner rates, which had a greater effect on credits earned from freight on exports and on crosstrades, than on payments for freight on imports. Disruption in the market for oil and the consequential impact on the volume of oil to be transported resulted in a considerable increase in the net deficit on tanker transactions, mainly because the increased operating costs could not be fully recouped on freight and charter earnings.

Travel

There was an appreciable improvement in the travel account, where a nil balance in 1973 was turned into a net credit of £129 million in 1974. This was the result of a rise of the order of £140 million in receipts from overseas visitors, against a rise of only £10 million in United Kingdom expenditure overseas. This reflects the reduction in the number of

[1] Treasury press notice, based on information supplied by the Central Statistical Office, 10.3.75.

[2] As arranged by the Bank of England in consultation with the clearing banks in 1974 (see p 122, 1974).

Table 1

Current Account *£ million*

	1972	1973	1974
Visible trade			
Exports (fob): Oil[1]	219	340	696
Other goods	8,928	11,171	14,893
Imports (fob): Oil[1]	— 877	— 1,281	— 4,142
Other goods	—8,953	—12,531	—16,706
Visible balance	— 683	—2,301	— 5,259
Invisibles			
Government services and transfers (net)	— 564	— 792	— 889
Private[2] services and transfers (net)	+ 816	+ 884	+ 1,073
Interest, profits and dividends (net):			
Public sector	— 134	— 197	— 359
Private sector	+ 647	+ 1,289	+ 1,606
Invisible balance	+ 765	+ 1,184	+ 1,431
Current balance	+ 82	— 1,117	— 3,828

[1] Petroleum and petroleum products
[2] Including public corporations

Table 2

Analysis of Total Currency Flow and Official Financing *£ million*

	1972	1973	1974
Current balance	+ 82	—1,117	—3,828
Capital transfers[1]	—	— 59	— 75
Investment and other capital flows:			
Official long-term capital	— 255	— 252	— 274
Overseas investment in UK public sector	+ 113	+ 345	+ 746
Overseas investment in UK private sector	+ 774	+1,602	+1,869
UK private investment overseas	—1,393	—1,619	—1,101
Overseas currency borrowing or lending (net) by UK banks:			
Borrowing to finance UK investment overseas	+ 725	+ 590	+ 260
Borrowing to finance lending to UK public sector[2]	—	+ 827	+ 594
Other borrowing or lending (net)[3]	— 254	— 58	— 758
Exchange reserves in sterling[4]:			
British Government stocks	+ 65	+ 74	— 124
Banking and money market liabilities	+ 222	+ 87	+1,534
Other external banking and money market liabilities in sterling	— 91	— 7	+ 148
Import credit[5]	+ 207	+ 128	— 76
Export credit[5]	— 359	— 232	— 430
Other short-term flows	— 425	— 275	— 197
Total investment and other capital flows	— 671	+1,210	+2,191
Balancing item	— 676	+ 176	+1,147
Total currency flow	—1,265	+ 210	— 565
Allocation of Special Drawing Rights	+ 124	—	—
Total	—1,141	+ 210	— 565
Official financing			
Net transactions with overseas monetary authorities:			
IMF[6]	— 415	—	—
Other monetary authorities	+ 864	—	—
Foreign currency borrowing by the British Government[7]	—	—	+ 644
Drawings on (+)/additions to (—) official reserves[8 8]	+ 692	— 210	— 79
Total official financing	+1,141	— 210	+ 565

[1] Payments under the Sterling agreements of 1968, as renewed in 1971 and as unilaterally renewed in September 1973.
[2] Prior to 1973 borrowing of this type was not separately distinguished but was probably small.
[3] Excluding changes in levels resulting from changes in sterling valuation.
[4] Sterling reserves of overseas countries and international organisations, other than the IMF, as reported to banks, etc., in the United Kingdom.
[5] Excluding trade credit between related firms; after deducting advance and progress payments to suppliers.
[6] From July 1972 transactions with the IMF affecting the United Kingdom reserve position in the fund are included as changes in the official reserves.
[7] Drawings on a Euro-dollar facility for the British Government to borrow US$2,500 million.
[8] From 23 August 1971, valued in sterling at transaction rates of exchange.

Table 3

Inward and Outward Investment[1] – Private Sector *£ million*

	1972	1973	1974
Overseas investment in UK private sector			
Direct			
Unremitted profits[2]	+ 284	+ 316	+ 302
Other	+ 100	+ 366	+ 413
Investment in UK company securities	+ 155	+ 229	+ 140
Oil and miscellaneous	+ 235	+ 691	+1,014
Total	+ 774	+1,602	+1,869
UK private investment overseas			
Direct			
Unremitted profits[2]	— 467	— 847	— 903
Other	— 270	— 777	— 550
Portfolio	— 584	+ 301	+ 766
Oil and miscellaneous	— 72	— 296	— 414
Total	—1,393	—1,619	—1,101

[1] Net of disinvestment. Assets: increase —/decrease +. Liabilities: increase +/decrease —.
[2] Excluding unremitted profits of branches.

United Kingdom residents travelling abroad associated with the financial difficulties of the travel industry arising from higher fuel costs and unfavourable exchange rate movements.

Other Services

The net credit on earnings from other services continued to increase, exceeding £1,200 million in 1974. These included increases in the overseas earnings of insurance and other financial services and of engineers, and of earnings from royalties.

Interest, Profits and Dividends

The net surplus on interest, profits and dividends, at nearly £1,250 million, is estimated to have risen by over £150 million during 1974; the surplus in the private sector having risen by some £320 million to £1,606 million while the deficit in the public sector, which reflected growing interest payments on its borrowing overseas, increased by about £160 million to £359 million. Earnings of companies on direct investment overseas are estimated to have risen by about £90 million from the high level of £1,458 million in 1973, the rise being largely associated with the depreciation of sterling over the year. The earnings of overseas companies on their direct investments in Britain are estimated to have fallen by some £75 million to £580 million. Increases in earnings by British residents on their portfolio investments overseas were matched by similar increases in interest and dividend payments to non-residents on their portfolio investments in Britain. Earnings of British oil companies on their overseas operations benefited from considerable stock appreciation profits early in 1974 as a result of the increase in the world price of oil. The high rates of interest still prevailing in world markets and the level of activity led to substantial increases in other credits and debits. The growing impact of interest paid on public sector borrowing from abroad also contributed to the growth in debits.

Private Transfers

The deficit on private transfers, at £100 million, shows no change from 1973.

CAPITAL TRANSFERS

Payments totalling £75 million were made in implementation of the sterling agreements (see p 130, 1974). Apart from a few outstanding minor settlements, no further guarantee payments are due.

INVESTMENT AND OTHER CAPITAL FLOWS

The net inflow of identified investment and other capital rose by £980 million to £2,190 million in 1974. This inflow included borrowing of overseas currency by the public sector of about £1,260 million, mainly under the exchange cover scheme (see pp 117, 477, 1973).

Official Long-term Capital

The net outflow of official long-term capital of £274 million was £22 million higher than in 1973. There were increases of £17 million in Britain's subscription to the International Development Association and £29 million in net aid lending. Other major items included repayments of North American loans and Export-Import Bank credits, and contributions to institutions of the European Community.

Overseas Investment in Britain

Overseas investment in the public sector (see Table 2) totalled £746 million in 1974 compared with £345 million in 1973. Direct borrowing and new issues abroad by public corporations and local authorities attracted £668 million of this investment, of which £513 million was under the exchange cover scheme.

Overseas investment in the private sector (see Tables 2, 3) rose to a high level of about £1,870 million in 1974 reflecting, among other factors, investment by foreign oil companies in North Sea operations and some accumulation, in the early part of the year, of oil company funds held in Britain. Inward direct investment is estimated at about £720 million in 1974, compared with some £680 million in 1973. Reinvested profits were somewhat

lower in 1974 but there was some increase in the net acquisition of British subsidiaries by foreign companies. In contrast with previous years, there was a negligible amount of net borrowing by British companies in the form of foreign currency issues but other portfolio investment by non-residents in British equities totalled about £135 million, including some purchases by residents of oil-exporting countries.

British Investment Overseas

Private investment overseas, at about £1,100 million, was considerably lower than in both 1972 and 1973, the major contributory factor to this decline being the sizeable portfolio disinvestment by British investors of their holdings of foreign securities. Holdings of securities financed by euro-currency borrowing became unattractive owing to the fall in overseas stock markets, and some institutions withdrew from such arrangements. Outward direct investment is estimated to have been £170 million below the high level recorded in 1973, a considerable reduction of about £300 million in the value of acquisitions of overseas subsidiaries by British companies being to some extent offset by an increase in other forms of investment. Oil and miscellaneous investment was some £120 million above the level it had been in 1973.

Banks' Overseas Activities

Overseas currency borrowing or lending (net) by British banks, excluding funds borrowed by the Government under the $2,500 million loan facility, resulted in a net inflow of £96 million compared with £1,359 million during 1973. Net borrowing to finance British investment overseas declined from £590 million in 1973 to £260 million in 1974, while borrowing to finance lending to the British public sector declined from £827 million in 1973 to £594 million in 1974. During the second half of 1974 direct borrowing abroad, as part of overseas investment in the British public sector, increased and drawings on the British Government loan started. During the year British banks were borrowing principally from the oil-exporting countries and lending mainly to countries outside Western Europe and North America; their external claims increased by £758 million more than their external liabilities.

Sterling Exchange Reserves

Exchange reserves in sterling rose substantially in 1974 despite disinvestment of £124 million in British Government stocks. Banking and money market liabilities held by central monetary institutions rose by £1,534 million with large increases in the holdings of oil-exporting countries (which held 63 per cent of the £5,088 million total of exchange reserves in sterling by the end of the year) being offset to some extent by decreases in those of other countries. Other external banking and money market liabilities in sterling rose by £148 million.

Import and Export Credits

Owing to repayments of existing credit rising at a faster rate than receipts of new credit, there was an estimated decrease in net import credit of £76 million compared with large increases in the preceding two years. There was a rise in estimated net export credit to £430 million from £232 million in 1973 with credits extended by both banks and suppliers increasing, mainly reflecting the higher value of exports.

Other Short-term Flows

There was a net outflow estimated at about £200 million from other short-term flows compared with £275 million in 1973. Three-quarters of this outflow represented the net overseas borrowing of sterling from British banks for purposes other than the financing of British exports. This borrowing is estimated at about £150 million in 1974 compared with £125 million in the previous year. Miscellaneous short-term commercial transactions resulted in a net outflow of about £45 million compared with £155 million in 1973.

Balancing Item

The balancing item was positive, at about £1,150 million, representing errors and omissions including unidentified capital inflows such as 'leads and lags' in commercial payments, and changes in exchange rates and monetary values resulting from inflation; the main errors are thought likely to be in the accounts for investment and other capital flows, for which some figures are at present provisional.

OFFICIAL FINANCING

After public sector borrowing of £1,107 million in overseas currencies under the exchange cover scheme, there was a net currency outflow of £565 million, which was more than covered by drawings on the dollar loan facility.

EXCHANGE RATES

The mean effective depreciation of sterling since the Smithsonian agreement in 1971 (see p 30, 1972), which had increased considerably during 1973, varied between 17 and 17·5 per cent for much of 1974 but fell sharply in the last quarter to 21 per cent during December, averaging 18 per cent over the year as a whole. The average of the daily closing middle market rates over the year was £1 = US $2·3402.

Finance Act 1975

Those proposals put forward in the November Budget (see pp 427–9, 1974) which required legislation have been amended by Parliament and embodied in the Finance Act 1975. The present article describes some provisions of the Act which have not been previously included in *Survey of Current Affairs.*

Value-Added Tax

People constructing new homes otherwise than in the course of a business (usually called 'do-it-yourself' builders) are entitled to claim refund of value-added tax chargeable on or after 13 November 1974 on goods used in the construction. Refund of

value-added tax on importation of hydrocarbon oil may be obtained by diplomats, consuls and international organisations.

Income Tax and Corporation Tax

Investment Income

The investment income surcharge for 1974-75 is 10 per cent for the first £1,000 (£500 for the elderly) of investment income above the starting point and 15 per cent for the remainder.

Pension Funds

Certain pension funds are given the right to reclaim tax paid with respect to interest on their investments in building societies.

Life Assurance

The Act implements the announcement in the spring Budget of legislation in connection with life assurance policies and life annuity contracts (see p 124, 1974).

Savings Certificates

Exemption from tax of interest payable on savings certificates is extended to any terminal bonus or other sum (see p 323, 1974).

Statutory Corporation Borrowing

Income tax will not be deducted from interest on securities issued by statutory corporations and loans made to them if these securities and loans are made in foreign currency. The interest will be exempt from income tax (but not from corporation tax) if the owner of the securities or the person entitled to repayment of the loan is not resident in Britain. [Previously these concessions applied only to securities issued by local authorities.]

Fire Safety

Expenditure on fire safety measures required by a fire authority will qualify for a 100 per cent first-year allowance.

Transfer Pricing

The Act tightens rules applicable to the prices used in transactions between units such as a main company and its subsidiaries, or two subsidiary companies.

Capital Transfer Tax

The provisions of the Act follow broadly the proposals contained in the White Paper (see pp 318-19, 1974) but lower rates of tax are applicable if the transfer occurs three or more years before death. The rates are shown in Tables 1 and 2. Other details not described in the above-mentioned *Survey* article are given below.

Basis of the Tax

The tax applies to lifetime transfers made after 26 March 1974, and to transfers on deaths on or after 13 March 1975. (Estate duty continues to be chargeable in respect of earlier deaths.)

The amount chargeable on a lifetime gift is measured by the donor's loss as a result of his making the transfer. The donor's loss is in general measured by the diminution in the value of his estate, and the estate also forms the measure of the charges on death. For people domiciled, or treated as domiciled, in Britain the estate includes all their property, wherever situated; for those not domiciled, or treated as domiciled, in Britain it includes only their property situated in Britain.

Method of Charge

If the transferor dies within three years after making the gift, the difference between lifetime (Table 2) and death (Table 1) scales becomes payable. Tax on the death scale may also become payable if the transferor dies within a year of making gifts to charities or political parties.

Table 1

Transfer made on or at any time within three years of the transferor's death

Portion of value		Rate of tax
Lower limit	Upper limit	Per cent
£	£	
0	15,000	Nil
15,000	20,000	10
20,000	25,000	15
25,000	30,000	20
30,000	40,000	25
40,000	50,000	30
50,000	60,000	35
60,000	80,000	40
80,000	100,000	45
100,000	120,000	50
120,000	150,000	55
150,000	500,000	60
500,000	1,000,000	65
1,000,000	2,000,000	70
2,000,000	—	75

Table 2

Transfer made three or more years before the transferor's death

Portion of value		Rate of tax
Lower limit	Upper limit	Per cent
£	£	
0	15,000	Nil
15,000	20,000	5
20,000	25,000	7·5
25,000	30,000	10
30,000	40,000	12·5
40,000	50,000	15
50,000	60,000	17·5
60,000	80,000	20
80,000	100,000	22·5
100,000	120,000	27·5
120,000	150,000	35
150,000	200,000	42·5
200,000	250,000	50
250,000	300,000	55
300,000	500,000	60
500,000	1,000,000	65
1,000,000	2,000,000	70
2,000,000	—	75

If the tax on a lifetime gift is borne by the donor, the amount chargeable to tax includes the tax. If tax is borne by the donee (that is, recipient of the gift), the amount chargeable does not include the tax. Thus, in both cases it is the total loss to the donor which is chargeable; this loss is, however, taken as excluding expenses incidental to the transfer and any liability to capital gains tax which the donor incurs in respect of the gift.

Exemptions

If the recipient of a transfer between husband and wife is not domiciled (or treated as domiciled) in Britain, the exemption from tax is limited to a total of £15,000 of the transfer.

Transfers made by a person in any one tax year are exempt up to a value of £1,000 plus the amount (if any) by which the transfers set against this exemption in the previous year fell short of £1,000. Gifts to any one person in any one tax year are exempt up to a value of £100. Transfers made out of a person's income as part of his normal expenditure are generally exempt. Gifts made in consideration of a marriage are exempt up to £2,500 if the donor is a party to the marriage or his or her lineal ancestor (£5,000 if he is a parent of either party) and up to £1,000 if the donor is anyone else. Lifetime dispositions for the maintenance of a former spouse or of a child undergoing full-time education or of a dependent relative are generally exempt.

Transfers to charities or political parties made a year or more before death are exempt; those made within a year before death are exempt up to a cumulative sum of £100,000.

There is exemption for transfers to Government departments, local authorities, universities and university colleges in Britain.

The existing estate duty exemption for works of art and certain other objects is continued and extended to cover historic houses and land of scenic, historic or scientific interest. This exemption applies only to transfers on death and is conditional on the giving of certain undertakings, for example, that the owner will provide facilities for research.

Relief from Double Taxation

The Act makes provisions for relief from double taxation in the case of arrangements made for this purpose with Governments of overseas countries or territories.

Death of Recipient

If the recipient dies within four years of a transfer, a proportion of the tax paid on the transfer is deducted from the tax payable on his estate. The proportion varies with the period between the transfer and the death, from 80 per cent if the recipient dies within a year to 20 per cent if he dies within four years.

Agricultural Property

In levying the tax on transfers of agricultural property by full-time working farmers the property will not be valued, for the purpose of the tax, at more than 20 times its gross rental value. As agricultural land in Northern Ireland is generally not let, rental values cannot be obtained, and the land will be valued initially at seven-tenths of its open-market agricultural value. When figures are available of the relief given in Great Britain, the equivalent fraction will be applied also in Northern Ireland.

Payment by Instalments and Relief for Business Assets

The tax may be paid in eight yearly or 16 half-yearly instalments in respect of transfers on death and certain lifetime transfers. This arrangement applies to land, certain shares, and net business assets. Generally, interest is payable on the whole of the tax outstanding at each instalment date. However, where tax is payable by instalments in respect of business assets and shares in companies (excluding certain investment and dealing companies), interest will be chargeable on each instalment separately, and only from the date on which the instalment is due.

Woodlands

The person liable to tax may – subject to certain conditions – claim exclusion of growing timber from the charge on death. However, tax will be charged with reference to that death if the timber is sold or given away (other than to the owner's spouse) before the woodland passes on another death.

Northern Ireland

Unlike estate duty, which has been charged under a separate code in Northern Ireland, the capital transfer tax extends to the whole of the United Kingdom, and the estate duty in Northern Ireland is repealed together with that payable in Great Britain.

Settled Property

The Act contains detailed provisions for the application of the tax to settled property (that is, property held in trust).

Government and Industry

Further announcements have been made by the Government concerning the forthcoming legislation on public ownership in the aircraft and shipbuilding industries and a joint Bill is expected within the present session of Parliament. The Government is to take over the shipyard of Harland and Wolff; it is inviting comments on the form of future worker-participation in the yard. The Ryder report on the British Leyland Motor Corporation is being considered by the Cabinet; the Government put out a broad statement of its intentions towards the company shortly before the report was completed. Parliament has approved financial assistance for the motor-cycle industry in the form of export credit guarantees for Norton Villiers Triumph and the provision of capital for the Meriden co-operative.

In a statement on industrial policy the Secretary of State for Industry, Mr Anthony Wedgwood Benn, has stressed the importance of investment for the future of Britain and the need to increase and use to the full manufacturing capacity.

The members of the Organising Committee of the National Enterprise Board (NEB) (see p 104),

under the chairmanship of Sir Don Ryder, have been appointed. The committee will undertake all the preparatory work that will be necessary to enable the NEB to exercise its statutory functions when the Industry Bill becomes law.

Aircraft and Shipbuilding Industries

On 17 March Mr Benn made a statement in the House of Commons on the Government's proposals for public ownership of the aircraft and shipbuilding industries (*Hansard*, cols 1146-65). The statement confirmed the Government's intention to introduce legislation in the current session to take into public ownership all the main shipbuilders, ship-repairers and slow-speed diesel marine engine manufacturers and the aircraft industry. Mr Benn also outlined proposals for compensation for the acquisition of aircraft and shipbuilding companies, which the Government intends to put before Parliament in the forthcoming Bill.

This latest summary of Government policy follows comments that have been received and discussions held as a result of the two consultative documents published by the Government – on the shipbuilding industry on 31 July 1974 (see p 329, 1974) and on the aircraft industry on 15 January 1975 (see p 107).

The Shipbuilding Industry

The statement of 17 March defines the companies incorporated in Great Britain which are to be brought into public ownership and lists by name the companies meeting the definitions. A total of 31 companies engaged in shipbuilding and its associated industries are affected by the proposals. The criteria for nationalising ship-repairers have been modified since the discussion paper was published in July to include all companies whose turnover exceeded £3·4 million in the financial year before that date.

Legislation would establish a public corporation, to be called British Shipbuilders, in which the shares of the companies would be vested; it would have its headquarters in an assisted area with a tradition of shipbuilding. An organising committee, consisting of a nucleus of corporation members, would be set up after the second reading of the Bill to work out the detailed structure and organisation of the corporation in close consultation with Government, management, trade unions and customers of the industry. The main duty of the corporation would be 'to promote the efficient and economical design, development, production, sale, repair and maintenance of ships and slow-speed diesel marine engines and to promote related research using the skills and talents of all those working in the industry to the full'. It would have wide powers to diversify its activities where economic circumstances made this desirable. Government policy would still allow shipowners to build and repair at home or abroad according to their commercial judgment.

The Aircraft Industry

The scope for taking companies in the aircraft industry into public ownership has been widened in the latest proposals and companies with a turnover, including that of subsidiaries, of over £7·5 million instead of over £20 million in the relevant year would be included under the proposed legislation. The effect of this would be to bring Scottish Aviation into the new Aircraft Corporation, in addition to the British Aircraft Corporation, Hawker Siddeley Aviation and Hawker Siddeley Dynamics. It has already been made clear that the Government is reserving the right to take over other companies in the industry.

Compensation

Mr Benn outlined the general basis for determining compensation for aircraft and shipbuilding companies which the Government proposed to put before Parliament. The method of valuation relates the compensation to values which can be put on securities during a chosen reference period. The formula is based on the average value during the six months to 28 February 1974, when shares were unaffected by the prospect of public ownership. No deduction would be made from such compensation for Government discretionary financial assistance given to the firms to be acquired, unless the terms of the aid had been settled with the company before 28 February 1974, nor would expectation of future aid be taken into account in valuing for compensation. The Secretary of State will be open to receive representations about the value to be placed on securities under the legislation and in the absence of agreement on compensation terms there will be provision for arbitration.

Safeguarding Provisions

A further statement was published as an annex to Mr Benn's statement in the House of Commons which outlined the provisions to be included in the Bill to safeguard the assets of the aircraft and shipbuilding companies to be taken into public ownership in the period up to vesting day. This amplifies the statements made on 31 July 1974 for shipbuilding and on 4 November 1974 for aircraft and extends the provisions to cover dissipation of financial assets from 17 March 1975. Mr Benn said that no company would be penalised as a result of action taken in the normal course of business, and commercial contracts, including those with the Government, would remain binding on the new corporations. The Government reserved the right to strengthen the provisions in the event of serious dissipation of the assets of the companies to be nationalised or the adoption of other means to frustrate the manifest objectives of nationalisation.

Minister's Speech on Shipbuilding

Mr Benn spoke at a conference of the General and Municipal Workers' Union in Newcastle on 24 March on the public ownership of the shipbuilding industry, which he said he expected to take place in the first half of 1976. He stressed that this would mean that the industry would have to be run in a different way, 'by people who are committed to the success of the industry within the public sector'. There would have to be adequate operational autonomy for the yards in the industry but this autonomy should not be developed so as to leave a decentralised industry that might in future be denationalised. The relationships between the trade unions and management in the yards should be changed and extended. Mr Benn said that he hoped

that the different unions in the yards would now 'find a basis for working together to overcome such divisions as have existed in the past, which may weaken the influence of those who work in the industry'. Trade union representatives at yard level should maintain close contact with the national unions representing them and with the Confederation of Shipbuilding and Engineering Unions, since unity was essential if industrial democracy were to develop. The role of the Government, the organising committee, the board and the unions themselves was to encourage workers in the industry to work out their own proposals for the structure of the industry and to inject 'a genuinely democratic element into the management pattern'.

Harland and Wolff

The Minister of State, Northern Ireland Office, Mr Stanley Orme, made a statement on the Belfast shipyard, Harland and Wolff, in the House of Commons on 26 March (*Hansard*, cols 496-506). He said that the review of the company's affairs, promised by the Government in July 1974 after its decision to extend the shareholding in the company already held by the Northern Ireland Department of Commerce (see p 349, 1974), had been completed and had revealed that the provision for prospective losses up to 1978 needed to be increased by over £22 million to about £60 million. It was originally intended that the Government should take a substantial majority in an expanded equity, but the issued share capital had been eroded by the losses. The Government had concluded, therefore, that the only satisfactory way in which the company could be financially reconstructed was for the Government to become the sole shareholder; legislation for the compulsory acquisition of all the issued shares would be introduced in due course and terms of compensation would be announced.

Mr Orme said that the £35 million modernisation programme, mainly financed by the Government, was nearing completion. This would make the yard one of the best equipped in Europe for the construction of large tankers, bulk carriers and similar ships. The company was still the largest single industrial employer in Northern Ireland with a long tradition of technical excellence in shipbuilding, and it still had a substantial order book. Hope for the future of the company lay in the efficient use of its skills and excellent technical facilities, so that as the present order book was worked off acceptable prices could be quoted in world-wide competition with reasonable expectation of making a profit. The Secretary of State would give approval for new shipbuilding contracts only if he was satisfied that all direct costs and overheads could be covered in the building years beyond 1978. With his approval, the company might develop plans to use the resources of the yard in other ways. Increased productivity was vital. Mr Orme said that no Government could go on supporting the yard indefinitely: 'Unless it can obtain orders which can be completed without loss a halt must be called.'

In his speech Mr Orme stressed the need for a new approach to industrial democracy and for an 'advance towards genuine worker-participation in the decision-making processes at all levels in the yard'. The Government has sent to unions and management within the yard a discussion paper on worker-participation (see Documentation p 171). This sets out the various forms that such participation might take and discusses organisation, management and worker participation in day-to-day management and at board level in the yard, although no precise measures are mentioned.

British Leyland

During a debate in the House of Commons on the British Leyland Motor Corporation (*Hansard*, 24.3.75, cols 219-28) the Under-Secretary of State for Industry, Mr Michael Meacher, described the Government's broad intentions about the future of British Leyland. He emphasised that the Government wanted a solution to British Leyland's problems 'that would maintain the company as a major producer, exporter and employer', although a decision about the company's request for support for its long-term investment programme could only be made after the Government had considered the recommendations made by the team it had appointed under Sir Don Ryder to look into all aspects of the company's present situation and future prospects (see p 24).

It was important to realise, Mr Meacher said, that the problems of British Leyland were to a large extent the problems of the car industry as a whole. The Government's approach would be to make a deep appraisal of the situation and tackle the underlying problems and not simply to apply short-term remedies. In the future the planning agreements system [as laid down in the Industry Bill – see p 105] would provide a means whereby the Government could keep in touch with the plans and problems of British Leyland, as with other major companies, on a systematic and continuous basis.

Mr Meacher paid tribute to the achievements of the motor industry in Britain, and of British Leyland in particular. He said that the industry had earned a record £1,871 million in exports in 1974, more than twice the value of imports of motor vehicles and parts, and British Leyland had played an important part in this achievement. During the month of February the company's share of the British market rose to nearly 45 per cent. For the first time its three top-selling models filled the top three positions in the British market and a new model was being launched from the company's Cowley plant.

Details were given in a parliamentary reply on 27 March of the conditions attaching to the Government's guarantee for additional bank borrowing by the company (*Hansard*, written answers, cols 216-17). The conditions have now been agreed with British Leyland. The Ryder report on British Leyland was presented to the Government on the same day and is now under consideration.

Norton Villiers Triumph

Parliamentary approval was given on 6 March (*Hansard*, 5.3.75, cols 1669-1728) for financial assistance exceeding £5 million but not exceeding £12·872 million to be paid under Section 8 of the Industry Act to the motor-cycle manufacturer, Norton Villiers Triumph (NVT). This will enable the company to obtain the £8 million in export guarantees it had requested from the Government and this in turn will allow the Meriden co-operative,

whose motor-cycles are initially to be marketed by NVT, to start operations (see p 25). Of the sum authorised, the Government will pay around £4 million to NVT for the purchase of a site for the co-operative and an additional £750,000 to the co-operative for working capital.

Government's Industrial Policy

A statement on industrial policy by Mr Benn appeared as an article in *Trade and Industry* (4.4.75, p 2).

The article laid particular stress on the importance for Britain of major investment in manufacturing to counteract the trend to contraction in British industry. Mr Benn said that the choices for British industry lay between a continuing shutdown of firms, low wages, rising unemployment and the emigration of skilled workers on the one hand, and an unprecedented national programme of investment, leading within a decade to competitive and profitable manufacturing industry, together with a measure of guidance for the economy, on the other.

Mr Benn said that the trend to contraction of British manufacturing industry, of which there was now ample evidence, had gathered force in the last four years; if this trend were allowed to continue it would lead to a closing down of 15 per cent of manufacturing capacity between 1970 and 1980 and nearly two million workers would have been made redundant over the ten-year period. As well as involving a loss of employment opportunities, contraction resulted in a growing shortage of industrial capacity, reflected by a worsening balance of trade in manufactured products. Manufacturing output had only increased by 8 per cent between 1970 and 1974 and although exports had risen by 35 per cent in volume, imports had increased by 65 per cent.

The contraction of jobs, lack of capacity and the loss of markets to foreign competitors was seen by Mr Benn as stemming from the years of low investment in British industry. He said that the whole future of Britain depended upon major investment in the expansion and re-equipment of manufacturing plants. This would involve doubling the country's expenditure on capital investment in manufacturing to some £6 million a year and in accelerating the output of manufacturing industry. Intense planning would be required in each enterprise, as well as adequate funds, the location of new jobs and training facilities in relation to regional and local needs and the joint commitment of Government, companies and workers to get the investment through.

Mr Benn stressed the need for a defensive short-term strategy to preserve the industrial base through the recession until new investment took effect. The cost of redundancies and closures in the form of reduced tax revenue, extra social security payments and lost output was a heavy burden on the Government and on the economy, against which the cost of Government assistance to help plants or enterprises in trouble to remain in operation might seem small. Britain had the resources for a response of such magnitude and it would soon have the instruments, Mr Benn said; all it needed was the will and the confidence.

Concorde

Talks on the *Concorde* programme were held in London on 25 March between the Secretary of State for Industry, Mr Anthony Wedgwood Benn, and the French Secretary of State for Transport, M Marcel Cavaillé. The meeting was one of a series of ministerial talks on the project and in it the Ministers reviewed the progress of the programme. It is now proposed that the *Concorde* should be introduced into commercial service at the end of December 1975 or the very beginning of 1976, and that British Airways and Air France should make their inaugural flights on the same day.

The aircraft has recently completed the 15,000 simulated flying hours required for its fatigue test certification. In a certification test for emergency evacuations, it was demonstrated that these could be carried out within the internationally required time limit of 90 seconds. The last stage of trials in tropical and other icing conditions has also been successfully completed. The first flight of the fourth production aircraft, *Concorde* 204, assembled in Britain, took place in February. In May, a four-month period of concentrated flying will begin for the two latest French and British production *Concordes* along the major air routes, as a prelude to obtaining a full Certificate of Airworthiness.

On 21 January the United States Department of Transportation published the findings, based on three years of work, of an investigation into atmospheric pollution by supersonic aircraft. This Climatic Impact Assessment Programme concluded that the fleet of world supersonic aircraft planned at present could not harm the earth's environment. On 3 March the Federal Aviation Administration issued a draft Environmental Impact Statement on proposed commercial *Concorde* operations by British Airways and Air France. The statement concluded that the proposed services would be acceptable to the federal authorities and that the noise effects of the six daily services to the east coast would be so small that there would be no case for refusing them. The outcome is now awaited of the draft Bills which have been introduced in the US Senate and the House of Representatives in an attempt to restrict or ban the aircraft and public hearings of the evidence for and against *Concorde* are being held by the Federal Aviation Administration in Washington and New York.

Development Costs

In answers to parliamentary questions on 24 and 27 March (*Hansard*, written answers, cols 54-6 and 223) the Government gave details of the latest *Concorde* development costs. The total estimated cost of the project from 1962 to completion of the programme is now £1,096 million, in real terms a little under £40 million less than in last year's estimate. The actual costs from 29 November 1962 to 31 December 1974 (at prices and exchange rates prevailing when the costs were incurred) were £853 million, of which the British share was £436 million, and the estimated costs from 1 January 1975 to completion of the programme (at January 1975 prices and at an exchange rate of £1 = 10·25

French francs) are £243 million, the British share being £112 million. The new total estimate includes additions of about £50 million due to general inflation and £15 million due to changes in exchange rates. The reduction of some £40 million in real terms is primarily attributable to re-estimates of costs based on a clearer definition of the work outstanding, which has been made possible by the satisfactory technical progress of the project in the recent past.

About half the decrease is attributable to re-estimates of French costs on the airframe development and the remainder to re-estimates of engine development costs in Britain.

Environmental Pollution

GOVERNMENT ACTION ON ROYAL COMMISSION'S REPORTS

Most of the actions of the Government in response to the various recommendations contained in the four reports so far published by the Royal Commission on Environmental Pollution (see p 131, 1971 ; pp 173 and 436, 1972 ; and p 30) are brought together in Pollution Paper No 4,[1] published on 26 March by the Department of the Environment's Central Unit on Environmental Pollution. These reports, says the Department, 'have contributed strongly to the quality of public debate on environmental matters in recent years'.

Recommendations made in the first and second reports on water supply and improved sewage treatment, on solid and toxic waste disposal and on the confidentiality of information about industrial wastes have largely been met by the reorganisation of the local and water authorities (see p 580, 1971 and p 86, 1973) and the passage of the Control of Pollution Act (see pp 282, 303, 1974). Most of the recommendations made in the third report, on pollution of tidal waters, estuaries and inshore seas, have also been accepted and incorporated in the structure of the new water authorities and the Control of Pollution Act. Other recommendations in the first three reports have been incorporated in the Deposit of Poisonous Waste Act 1972 (see pp 143, 173, 1972) and the Dumping at Sea Act 1974 (see p 250, 1974).

In a letter to Sir Brian Flowers, chairman of the commission introducing the paper, the Secretary of State for the Environment, Mr Anthony Crosland, congratulates the commission on the comprehensive and useful review of the current environmental situation contained in its fourth report and indicates how he intends to follow up its various specific recommendations for action and priority treatment. Some of the ways in which this would be done include the following :

[1] *Controlling Pollution.* HMSO, 45p. ISBN 0 11 750899 3.

Waste Disposal: A continuing effort to ensure that problems involved in the full implementation of the waste disposal provisions of the Control of Pollution Act are dealt with.

Land Dereliction: The Government intends to press ahead with reclamation, particularly with the increased resources to be made available through the proposed Scottish and Welsh development agencies (see pp 106–7) and the accompanying increase in the rate of grant in the English assisted areas.

Screening of New Chemicals: The need for further research and exchange of information on this subject is accepted.

Noise: There is agreement with the commission's analysis of noise problems, but it is suggested that new evidence indicates that the degree of exposure to very high levels of traffic noise may be less than forecast.

Training and Manpower Requirements for Pollution Control Staff: Mr Crosland indicates the lines on which he expects further work in this area to proceed, recognising the timing difficulties caused by the reorganisation of the relevant authorities and the phased implementation of the Control of Pollution Act (see below).

Economic Considerations: The need for further economic work to underpin decisions on pollution control is accepted.

Further Studies of the Royal Commission: Mr Crosland looks forward to the completion of the commission's current work on the organisation of air pollution control and on radioactive wastes.

In addition to Mr Crosland's letter, *Controlling Pollution* includes an introductory chapter describing briefly the work of the Royal Commission, and a summary in convenient tabular form of the action taken by Government in response to the recommendations contained in the commission's first three reports.

IMPLEMENTING CONTROL OF POLLUTION ACT

On 3 February Mr Gordon Oakes, a Parliamentary Under-Secretary at the Department of the Environment, made the following announcement about the need to restrict increases in local authority expenditure which would inevitably delay the timetable for bringing the Control of Pollution Act into full operation (*Hansard*, written answers, cols 409-14).

'Waste on Land

'On waste disposal, the Government has already indicated that the first priority must be to place on waste disposal authorities the duty, provided for in Part I of the Act, to survey waste and waste disposal facilities in their areas. We know that many auth-

orities are keen to start on this survey, which will make minimal demands for new manpower, and we believe that they will find it helpful to have statutory backing. Other important provisions which we should hope to bring in quickly are those allowing local authorities to reclaim waste, to buy it for reclamation, and to dispose usefully either of the waste itself or of anything produced from it; and the provision placing a duty on local authorities to prepare (in consultation with appropriate voluntary organisations) a plan for abating litter. In addition we shall be aiming at the very early introduction of those provisions, such as the increase in penalties for existing pollution offences, which involve local authorities in little or no additional expenditure.

'We have already agreed with the Local Authority Associations that the placing of a statutory duty on waste disposal authorities to produce a formal waste disposal plan should be deferred for a year. The exact timing will need to be discussed further, as will the introduction of the licensing system for waste disposal sites. The Government accepts that the earliest date at which we can hope to introduce these related provisions, as well as others which are less urgent, will be the beginning of the financial year 1976-77. We can, however, take advantage of the intervening period to work out with the Local Authority Associations the form of the regulations needed to fill out the details of the licensing system.

'Pollution of Water

'As regards water pollution, the Government's aim will be to bring the main provisions of Part II of the Act into operation in two inter-related steps between the late autumn of this year [1975] and the middle of 1976.

'The first step will include activating the consent system and the transitional provisions relating to consents.

'The second step will consist of bringing into force the sections which make it an offence subject to specified penalties for anyone to pollute water or to discharge trade or sewage effluent without consent. The main effect will be to bring under full control any specified underground water and all tidal waters up to the three-mile limit.

'The period between now and the taking of the first step in the late autumn is needed for consultation with water authorities and other interested parties on the substance of the necessary orders and regulations; and a period of at least six months is needed between the first and second steps to allow time for dischargers to make the necessary applications for consents for discharges not covered by earlier legislation before the offence and penalty provisions are brought into force.

'During roughly the same period it is proposed to activate most of the remaining provisions of Part II, including the extension of full control of all discharges of trade effluent to public sewers, the powers and duties of water authorities to remedy or forestall pollution and the provisions regarding the discharge of waste from boats. There will again be consultation with interested parties.

'It is not proposed at this juncture to implement the provisions of Section 52 of the Act in so far as they relate to charges for direct discharges of trade or sewage effluent to inland and tidal waters. In the Government's view, this matter calls for further study, in consultation with the National Water Council.

'The Government appreciates that while the implementation of Part II of the Act in the manner described above will materially improve the system for controlling water pollution, the economic situation is bound to limit the rate at which the quality of our rivers, estuaries and coastal waters may be improved as a result of the new legislation, particularly where improvement depends on expenditure by water authorities, and industry, on new works and treatment processes.

'Noise

'A number of provisions in Part III of the Act dealing with the control of noise have no financial implications for local authorities. These include the provisions for simplifying and strengthening existing legislation about nuisance from noise; the making of regulations covering noise from plant or machinery; codes of practice for minimising noise; a definition of best practicable means; increased penalties for existing offences; and interpretive and supplementary provisions. We propose that these provisions should be brought into effect as soon as possible.

'There are two duties imposed upon local authorities in Part III of the Act. The first of these requires an authority to inspect its area from time to time for noise nuisance and to decide upon its noise abatement zone policy. The second requires a local authority to make its noise requirements known in response to an application from anyone carrying out construction works. The first of these is similar to a duty imposed by the Public Health Act 1936 and the second will be supported by a code of practice which will be available to assist local authorities in the control of construction site noise. The financial implications in both cases therefore seem likely to be limited. We propose to consult local authorities with the object of implementing as soon as practicable the provisions dealing with noise from construction sites and allowing the establishment of noise abatement zones.

'Pollution of the Atmosphere

'As with other parts of the Act the Government considers that the clean air provisions which place no additional financial burden on local authorities should be implemented as soon as possible. These include the provisions enabling the Secretary of State to make regulations dealing with motor fuel and the sulphur content of oil fuel; clarification of the offence of cable burning; and the increase in penalties for existing offences. Another will be the provision allowing existing enactments to be adapted to metric units.

'The remaining provisions in Part IV give local authorities the power to obtain information about air pollution. These information-gathering powers are likely to be used only where air pollution is a matter of real public concern and they should not involve local authorities in significant expenditure in the near future. We therefore propose to consult local authorities with the intention of bringing these provisions into effect as soon as possible.

'General

'We shall also bring into effect in the near future the provision enabling the Secretary of State to make regulations to ban or restrict the marketing or use of injurious substances.

'Scotland

'In Scotland, the new authorities, which will be responsible for implementing the provisions of the Act, do not come into full operation until 16 May. Subject to consultations with them and to such modifications as may be shown to be desirable because of their later establishment, the Secretary of State for Scotland proposes that broadly the same procedures should be followed, so far as the time-table for Scotland allows.'

SOCIAL AND CULTURAL AFFAIRS

Health and Social Services

NEW STATE PENSION SCHEME

Retirement pensions equivalent to half pay or more, which will be fully protected against inflation, are proposed under the Social Security Pensions Bill which gives effect, with some modifications, to the arrangements for a new state pension scheme outlined in a White Paper, published in September 1974 (see pp 395-6, 1974). The Bill received its second reading in the House of Commons on 18 March 1975 (*Hansard*, cols 1486-1583).

The scheme, which will mature fully after 20 years, will replace the present flat-rate pensions for retirement, widowhood and invalidity with earnings-related benefits. The present system of flat-rate short-term benefits for sickness, unemployment and maternity is not affected by the Bill with the exception that married women contributors at present receiving a lower rate of unemployment and sickness benefit will be paid the same rate as everyone else.

Retirement Pension

The weekly pension will consist of two parts – a basic component and an additional component. The basic component will be £1 for every £1 of earnings up to a lower earnings limit corresponding to the flat-rate pension in force when the new scheme begins. The additional component will be 25 per cent of earnings between the lower earnings limit and an upper earnings limit which will be seven times the lower limit.

There will be a maturity period of 20 years and full pension will be awarded after that period. In the meantime progress towards the new full pension rate will be made year by year; for each year of the new scheme a contributor will receive on top of the basic component 1·25 per cent of his earnings between the lower and upper earnings limits, until those contributing for 20 years qualify for the full 25 per cent.

The scheme is designed to ensure that the lower paid receive a greater proportion of earnings than the higher paid; in April 1975 terms, for example, a single person earning £20 a week would receive 68 per cent of earnings and someone earning £70 a week would receive 37 per cent of earnings. On the same earnings figures a married couple (on the husband's record alone) would retire on 103 per cent of the husband's earnings of £20 a week or 47 per cent of the husband's earnings of £70 a week. (These percentages take account of the increase payable for a dependent wife.)

Pensions will be based on a contributor's best 20 years of earnings so benefiting those who reach peak earnings while young or have periods of unemployment, ill health or disablement. The earnings on which benefits are calculated are to be revalued in line with the general growth in earnings during a contributor's working life. The value of the pension will also be protected against inflation; the basic component will be increased annually in line with the growth of average earnings or prices, whichever is more favourable to the pensioner, while the additional component will be increased in line with rises in prices.

Another important feature of the scheme is the right it gives to women to enjoy full equality with men. Women are to get the same benefit as men with the same earnings.

Widows

Widows' pensions will be earnings-related. Widowed mothers and those entitled to the full widow's pension will inherit the whole of their husbands' pension entitlement while women who are widowed when they are between 40 and 50 will inherit a proportion of the full earnings-related pension.

When she retires a widow will also be able to draw pension earned in her own right but the combined pension will not be more than the maximum payable to a single person.

Invalidity Benefit

The present flat-rate invalidity pension will be replaced by an earnings-related pension based on the claimant's best 20 years of earnings and calculated on the same basis as the new retirement pension.

A widow incapable of work when her widow's allowance or widowed mother's allowance ends and who is not then entitled to a full widow's pension will get an earnings-related invalidity pension if she has been ill for six months; this will be based on her husband's earnings if they are better than her own. Similarly a man under pension age, who is ill when his wife dies and is incapable of work, will have a right to an invalidity pension based on her earnings if these were better than his own.

The age conditions of the present invalidity allowance are to be eased. The higher rate will be payable if incapacity began before the age of 40 (instead of 35) and the middle rate if incapacity

began before the age of 50 (instead of 45). The qualifying age for the lower rate is unchanged by the Bill.

Contributions

The Bill retains the principle of earnings-related contributions which were introduced from 6 April 1975 (see p 444, 1974). It does, however, propose alterations to the rate of contributions and the earnings limits.

Employed earners will pay 6·5 per cent of earnings up to the upper earnings limit but people earning less than the lower earnings limit will not be liable for contributions. The employer's contribution will be 10 per cent of the same earnings range. The earnings limits will be altered annually in line with increases in the basic component of the pension. There will also be a contribution from the Treasury amounting to 18 per cent of all contributions, including those that would have been received if there were no contracting out.

Under the new system of contributions which started in April the self-employed pay a flat-rate contribution and a further contribution based on annual net profits and gains between £1,600 and £3,600 as assessed for income tax purposes. The Bill makes no alteration in this system for the self-employed who will qualify for the basic component of the new pension. The Government does, however, favour the principle of earnings-related pensions for self-employed people and is carrying out a detailed review of the problems involved in establishing such a system.

The non-employed, as under the present system, will not be liable for contributions but will be able to pay voluntary contributions towards the basic component of a pension.

The Bill proposes to end the present provision under which married women and widow beneficiaries can choose to pay a lower rate of contribution. This choice, however, will be retained for women who are married or widowed at the start of the new scheme. The Government is undertaking further consultations with interested organisations on this part of the Bill.

Occupational Pension Schemes

Under the Government's proposals, people contributing to occupational pension schemes will be able to contract out of part of the new state scheme; the occupational scheme will be primarily responsible for the additional component of retirement pension and for half the additional component of widow's pension. In all other respects contracted out members will remain fully within the state scheme. Where an earner has been contracted out, the increase in state pension will include an increase in respect of the additional component he has forgone; this means that the value of his guaranteed minimum pension from the occupational scheme will be protected by the State.

Contracted-out earners will pay a reduced contribution; contributions on earnings up to the lower earnings limit will be the same percentages as other contributors but there will be a reduced contribution on earnings between the earnings limits. Employees will pay 4 per cent on earnings above the lower limit (instead of 6·5 per cent) and the employer will pay 5·5 instead of 10 per cent.

The condition for contracting out is that the occupational scheme should guarantee a minimum pension to the member which will be at least as good as the additional component forgone as a result of contracting out. It must also provide a pension based on final salary or average salary revalued in line with the growth of earnings which will build up at the rate of at least 1·25 per cent of pensionable salary for each year. The Occupational Pensions Board, set up under the Social Security Act 1973, will be responsible for deciding whether schemes meet the contracting-out conditions. Schemes must also satisfy the board that they are financially sound.

The pension rights of members leaving an occupational scheme are to be protected by the Bill. If a member leaves within five years he can be bought back into the state scheme, or his pension preserved or transferred to another contracted-out scheme. After five years, his guaranteed minimum pension must be preserved or, with the earner's consent, transferred to another contracted-out scheme. If a scheme is wound up or ceases to satisfy the conditions for contracting out, all members must be bought back into the state scheme. Alternatively, the guaranteed minimum pension can be preserved or transferred to another contracted-out scheme but this will have to be approved by the Occupational Pensions Board.

Women are to be guaranteed equal access to occupational pension schemes.

SOCIAL SECURITY BENEFITS

Following the passing of the Social Security Benefits Act 1975 (see p 130), increases took place in social security benefits from 6 April 1975 (see pp 488-9, 1974). The Act also contains provisions for new non-contributory benefits for disabled persons, including an invalidity pension for people not qualifying for a national insurance invalidity pension, a benefit for disabled housewives unable to do housework because of their disablement, and an invalid care allowance for people looking after severely disabled relatives receiving an attendance allowance (see pp 396-7, 1974). The invalidity pension will be payable some time in 1975-76 and the invalidity care allowance in 1976-77. No date has been fixed for the introduction of the disabled housewives' benefit.

The Act also makes changes in the earnings rule applying to retirement pensioners aged between 65 and 70 (60 and 65 for women). From 6 April these pensioners are able to earn £20 a week before deductions are made from their pension. The limit will be raised again to £35 in 1976 and to £50 in 1977.

The system of earnings-related contributions to national insurance created by separate legislation (see p 444, 1974), came into force at the same time as the increase in benefits.

GOVERNMENT POLICY FOR DISABLED PEOPLE

Action taken by the Government to meet the needs of disabled people was outlined by the Prime Minister,

Mr Harold Wilson, in a speech made on 14 March when opening a centre for young disabled people in Wigan.

Mr Wilson explained that the objective of Government policy was to direct money and resources to ensure that disabled people could live as near normal a life as possible. The Prime Minister recalled that one of his very first decisions on taking office in March 1974 was to appoint a minister, Mr Alf Morris, to co-ordinate policies for disabled people.

Drawing attention to the fact that many disabled people have been unable to work and build up national insurance contribution records, Mr Wilson referred to the steps taken by the Government to bring in new social security benefits to fill gaps left in the present social security arrangements. About 220,000 people of working age would be entitled to a non-contributory invalidity pension while an invalid care allowance would be given to over 10,000 people who 'sacrifice the opportunity of work in order to look after an invalid relative. Many of these people give the most dedicated and selfless service: they have a right to recognition and reward.' The Prime Minister also explained that the Government was introducing a mobility allowance for disabled people with severely restricted mobility.

Other policies designed to assist disabled people were touched on by Mr Wilson, including a measure to exempt from value-added tax the supply to disabled people of prescribed medical appliances and aids such as hoists and lifts, and a special allowance for disabled people with invalid vehicles and cars to help offset the increased cost of petrol.

The Prime Minister emphasised that major reviews of policy concerning the needs of disabled people were being carried out. The Department of Employment was reviewing its services to the disabled and steps were being taken to tighten up enforcement of the quota system for the employment of disabled people in areas of high unemployment. Mr Wilson drew attention to the action taken by the Minister of Housing in February to speed up the provision of suitable housing. In addition a committee of inquiry was considering the educational needs of disabled children and young people.

Mr Wilson concluded by stating that 'we are taking action as a Government to support and reinforce the efforts of local authorities, statutory bodies and the many voluntary organisations which continue to provide indispensable services for the handicapped. Of course there are problems and inadequacies in provision, and we would all like to do more. As resources and the economic situation allow, we shall do more.'

SERVICES FOR MENTALLY HANDICAPPED PEOPLE

Government plans to improve services for mentally handicapped people were announced by the Secretary of State for Social Services, Mrs Barbara Castle, at a conference organised by the National Society for Mentally Handicapped Children on 26 February 1975. There are four main proposals:

1 A National Development Group for the Mentally Handicapped is being set up to advise the Government on policy concerning mentally handicapped people;

2 A multi-disciplinary team is being created which will work closely with the development group and which is designed to assist health and local government authorities in the preparation of local plans for the development of services for mentally handicapped people.

3 An inquiry is to be set up to look into mental handicap nursing and care.

4 There is to be a continuation of detailed consultations on the future role of the medical specialist in mental handicap. These consultations are designed to ensure that the emphasis in the specialist's role should be on the needs of people outside as well as inside hospital, and on the advice required by families, local authorities and other organisations.

WOMEN DOCTORS

Government financial support for the Women Doctors' Retainer Scheme, introduced in 1972 to encourage women to continue working in medicine, was extended to general practice from 1 April.

The scheme, previously concentrated in the hospital service, enables women doctors to retain a link with their profession while bringing up their families. It also aims to encourage them to resume their medical careers as soon as their domestic commitments permit. It is open to any woman doctor under 55 who is unable to work more than two sessions a week because of domestic commitments. Doctors participating in the scheme have to attend a minimum of seven educational sessions and to undertake at least 12 paid service sessions each year. They are paid an annual retainer to help cover their expenses.

The extension of the scheme to general practice means that payments will be made to family doctors employing a member of the scheme at the rate of £6·15 a session up to a maximum of one session a week.

FAMILY PLANNING

Agreement has been reached with the representatives of general practitioners to extend the family planning services of the National Health Service. Patients will be able to obtain free family planning services from family doctors, and the Government expects to introduce the service during the summer. (*Hansard*, 21.2.75, written answers, col 550.)

Since April 1974 a free family planning service has been available to all who ask for it from National Health Service hospitals and clinics (see p 141, 1974).

Education

Some recent educational developments are summarised below.

PHASING OUT DIRECT GRANT SYSTEM

The Secretary of State for Education and Science, Mr Reg Prentice, made a statement to the House of Commons on 11 March about phasing out the

system of direct grants to certain secondary schools (see pp 614-15, 1971) (*Hansard*, cols 271-8). He said that, in accordance with the Government's pledge to end selective schooling, grants to schools which were unwilling to enter the maintained school system or which it was not practicable to absorb into the system would be phased out, starting in September 1976. Arrangements to safeguard the interest of pupils already in the schools would be made. In the meantime he did not propose to make any change in the level of grant.

Phasing out means that in the case of schools which are not going to join the maintained sector, no grant will be payable in the school-year 1976-77 and thereafter in respect of any pupil who had not been admitted to the upper school (that is, the secondary forms of the school) by the end of the school year 1975-76. Mr Prentice hoped, however, that most direct grant schools would make the adjustments necessary to become part of the local system of comprehensive education as maintained schools and that local education authorities would do all they could to facilitate such transitions.

A statement on similar lines was made by the Secretary of State for Scotland, Mr William Ross, about the phasing out of grant-aided schools in Scotland (*Hansard*, 11.3.75, cols 278-83).

TEACHER SUPPLY

On 20 March, Mr Reg Prentice, Secretary of State for Education and Science, announced in the House of Commons in a written answer the Government's revised programme for the training and supply of teachers (*Hansard*, written answers, cols 471-2). The Government, he said, in the light of the continuing fall in the birth rate and of the prospective sustained decline in the school population after 1977, and following advice received from the Advisory Committee on the Supply and Training of Teachers, now intended to aim for a teaching force in maintained schools in England and Wales reaching an upper limit of 480,000 to 490,000 by 1981. This figure, the Government believed, was sufficient to ensure the elimination of classes of over 30 in the 1980s, the continuing expansion of education for the under-fives and programmes of induction and in-service training as recommended in the James report *Teacher Education and Training* (see pp 83-5, 1972).

Accordingly, the need for newly qualified teachers would be reduced; teacher training capacity outside the universities would have to be contracted to about 60,000 places, and about 30 colleges of education would have to give up initial training, though as many as possible would be used for other purposes. The plans and the situation would be kept under review.

OPEN UNIVERSITY'S CONTRACT WITH IRAN

The Open University announced on 4 March that the Government of Iran had invested in British 'distance learning' techniques by means of a £100,000 contract with the Open University to help establish the Free University of Iran, which will teach by correspondence and broadcasting like the Open University. Over a period of two years Open University staff will go to Iran to advise on distance teaching techniques and Iranian staff will travel to the Open University headquarters in Milton Keynes, to see how the system works in Britain. It is emphasised that the Free University, though using similar techniques to the Open University, will serve a different type of student and meet a different need. The students will mostly be full-time and be studying specifically to meet a national need for trained people in the rural and remote areas.

Other countries to have shown interest in Open University methods include the United States, where a number of colleges have bought whole Open University courses, and Israel, where Everyman University uses correspondence courses.

NURSERY EDUCATION IN WALES

On 3 March 1975, Mr John Morris, the Secretary of State for Wales, announced in answer to a question in the House of Commons the decision to allocate further central Government grants of over £5 million to local authorities to provide nursery school places over the next four years (*Hansard*, cols 333-4). This allocation is additional to the £1 million grant confirmed in June 1974 to enable local authorities in Wales to undertake the first stage of the Government's programme for a general expansion of nursery education.

The new allocation was decided in the light of the recommendations in the first report of the Council for the Welsh Language, appointed in the autumn of 1973 (*Report on the Welsh Language in Nursery Education*, HMSO Cardiff, 45p, ISBN 0 11 790055 9). The report, published on 20 February 1975, recommended specific provision for Welsh-medium schools or units; the appointment by local authorities of Welsh language organisers or advisers; the training of bilingual teachers and nursery assistants; and increased financial assistance to Welsh-medium voluntary playgroups and nursery groups, until such time as full provision for bilingual nursery education can be made.

Sex Discrimination Bill

The Sex Discrimination Bill received its second reading in the House of Commons on 26 March (*Hansard*, cols 511-616). The objectives of the Bill enjoy all-party support and the voting at the second reading was 100 to 5. The Bill seeks to make sex discrimination unlawful in employment, training and related matters (where discrimination on the ground of being married is also dealt with), education and the provision of housing and goods, services and facilities to the public. The Bill applies to advertising in these areas and to aiding and pressure to discriminate.

To ensure effective enforcement in the public interest and to promote equal opportunities between the sexes the Bill proposes the establishment of a powerful Equal Opportunities Commission.

The Bill implements the Government's proposals in the White Paper *Equality for Women* (Cmnd 5724)

published in September 1974 (see p 397, 1974) and takes account of comments received on those proposals from representative bodies including women's organisations, trade unions and employers' associations. It represents a major contribution to International Women's Year.

Definition of Discrimination

Two kinds of conduct constitute sex discrimination for the purposes of the Bill: conduct which involves an actual or inferred intention to treat a person less favourably on the ground of his or her sex; and practices which are discriminatory in their effect even though they may be inadvertent. Victimisation – less favourable treatment on the ground, for example, that a person has asserted his or her rights under the Bill – is also included in the definition of discrimination.

Employment

The Bill makes it unlawful for an employer to discriminate in the recruitment of new employees or his treatment of existing employees (for example, in promotion, training, transfer or dismissal). It complements the Equal Pay Act 1970 by dealing with non-contractual aspects of employment and certain contractual matters not covered by the 1970 Act, which would be amended so that the two pieces of legislation do not overlap. The employment provisions also deal with discrimination against contract workers, by trade unions and employers' associations, by small partnerships, in the granting of licences or other qualifications which facilitate the carrying on of a particular trade or occupation, by employment agencies and by certain bodies in the training field.

There are some limited exceptions in the employment field, for example, for employment in a private household or in a firm of five or fewer employees, and where sex is a genuine occupational qualification for a particular job. Trade unions and similar bodies will be allowed two years in which to abolish any discriminatory financial contributions or benefits connected with membership.

The Bill also permits positive action by employers and vocational training bodies by way of single-sex training (or the encouragement of members of one sex only to take advantage of opportunities) for work in which comparatively few members of that sex have engaged; and there is a corresponding provision as regards single-sex training and encouragement in relation to membership of, or posts in, trade unions, employers' associations and other bodies concerned with trades or professions.

Education

The Bill makes discrimination unlawful in admissions to, and the provision of facilities in, educational establishments in both the public and private sectors, and bodies in the public sector are further placed under a positive duty to ensure that facilities for education are provided without sex discrimination. There is an exception for single-sex establishments, and the Bill provides for 'transitional exemption orders' to enable such establishments to move towards co-education over a period of time without, in the process, infringing the education provisions of the Bill.

Goods, Services and Facilities

Discrimination in the provision to the public or a section of the public of housing accommodation, goods, services and facilities, including for example loans, finance, mortgages and facilities for recreation and entertainment is made unlawful by the Bill. These provisions do not apply, however, to certain small premises; to single-sex hospitals or other establishments for persons requiring special care, attention or supervision; where provision on a single-sex basis is required by religious doctrine or to comply with the main object of a voluntary body; or where questions of decency and privacy arise.

General Exceptions

The Bill specifies certain general exceptions to its scope, for example, for acts done in compliance with charitable instruments or existing legislation; in relation to sporting activities in which by reason of physique women are at a disadvantage to men; or, in the life assurance and similar fields, on the basis of reliable actuarial or other statistical data.

Individual Complaints

Individuals will have direct access to the courts and, in employment, training and related cases, to industrial tribunals. For those educational bodies in respect of which the education ministers have powers of direction under the Education Acts, complaints will go first to the education ministers so that they may consider the use of their powers. The remedies available from the courts will be damages (including damages for injured feelings), a declaration of rights and injunction (in Scotland an interdict). Industrial tribunals will be able to award compensation on the same basis as the courts can award damages (subject to the current limit in unfair dismissals legislation of £5,200), a declaration of rights and a recommendation as to a particular course of action. Damages and compensation will not be available, however, in respect of 'unintentional' discrimination.

For the purposes of helping a person who considers he or she may have been discriminated against to decide whether to institute proceedings or how to present the complaint in the most effective manner, a procedure has been devised whereby he or she may, using prescribed forms, question the respondent about the matter; and provision is made for the questions and the respondent's replies to be admissible in evidence in legal proceedings.

Equal Opportunities Commission

The Bill proposes the setting up of an Equal Opportunities Commission to work towards the elimination of discrimination and to promote equality of opportunity between men and women. The commission will have power to identify and deal with discriminatory practices by industries, firms or institutions, and to issue non-discrimination notices requiring the recipient to comply with the law (subject to appeal to a civil court or industrial tribunal as appropriate). In addition it will be able to assist and represent individual complainants in particular cases; to monitor and review the operation of the legislation; and to conduct research and take action to promote equality of opportunity.

Comparison with the White Paper

The White Paper indicated that consideration was being given to the need for provisions to deal with victimisation and to enable the courts and tribunals to award general damages. In both cases, the Government has decided that provision is necessary.

The most important changes from the White Paper are:

a the widening of the definition of discrimination to include practices which are discriminatory in their effect even though they may be inadvertent; and victimisation;

b provision for positive action in the form of single-sex training and propaganda to encourage women (or men) to make use of the opportunities offered by the Bill in employment situations previously dominated by the other sex;

c provision to help aggrieved persons to obtain information regarding their complaints;

d the reduction of the exemption for small firms from ten to five employees, and that for partnerships from eight to five partners. All partnerships (and not only professional partnerships) will be covered by the Bill;

e the proposal to enable courts and tribunals to make findings of general discrimination has been superseded by a provision which enables the Equal Opportunities Commission to take action more readily to obtain an injunction against persistent discriminators.

Immigration and Race Relations

A survey of recent events concerning immigration into Britain and the Government's policy for tackling difficulties facing immigrants was made by Mr Alex Lyon, Minister of State at the Home Office, in a speech to the annual conference of the United Kingdom Immigrants' Advisory Service at Birmingham on 5 April.

Immigration

The Minister referred to the Government's action to re-unite Ugandan Asian families (see p 145, 1974); the decision to extend to women the same right as men to continue to live in Britain with their spouses if they marry someone who has not the right of abode in Britain (see p 361, 1974); and the refusal to use restrospective powers to remove illegal entrants who had acquired immunity from removal (see p 188, 1974). So far only 1,500 illegal immigrants had applied for the 'amnesty'.

Mr Lyon said that major immigration by new male workers ended in 1965. When the present Government came into office there were two principal surviving commitments, first to the United Kingdom passport holders in East Africa who had no other citizenship and second to the dependants of those Commonwealth citizens who had already settled in Britain. As a result of the increase in the issue of vouchers to United Kingdom passport holders announced in February (see p 116) the Government anticipated that all who wished to come from East Africa would have done so by the end of this Parliament if it ran its normal length. This would honour an obligation which had been accepted by governments of both political complexions.

The second commitment was more difficult to resolve in relation to the 16,000 applications at present waiting to be considered in the Indian sub-continent. In all other areas whence dependants wished to come, claims could be verified from reliable documents so that there was no substantial delay. But there had been no acceptable method in India, Pakistan or Bangladesh to prove births, deaths, marriages or divorce. This had meant that entry certificate officers had had to devise procedures to check claims which involved long and often repeated interviews.

Mr Lyon said he had recently inspected the system and recommended a number of changes intended to improve the atmosphere in which decisions were taken so that areas of doubt could be more quickly resolved without reducing checks against evasion. He hoped that within a few months the rate of interviewing would have increased considerably so that wives and children would be re-united with their husbands much more quickly than was anticipated a year ago.

Citizenship

When these two residual commitments had been honoured it would be the end of a period of migration to the United Kingdom which had lasted for about twenty years. By that time the Government would have completed its review of the law of citizenship. Before the end of the present Parliament it hoped to be able to define a United Kingdom citizen for the first time in history. Prior to 1948 people resident in the United Kingdom shared their citizenship with everyone born in the British Empire. Since 1948 they had shared it with all except those in the independent Commonwealth countries which introduced their own citizenship. The time had now come for the United Kingdom to do the same. The Government's aim was that all United Kingdom citizens would have free right of entry but everyone else would be equally subject to immigration controls. This would mean a complete recasting of immigration law so that it was based on the requirements of the United Kingdom without any racial or ethnic discrimination. The 1971 Immigration Act could then be repealed.

A Multi-racial Society

Britain was and would remain a multi-racial, multi-cultural society. Provided that all citizens were treated equally and fairly Britain would derive great benefits from the mixture of cultures, creeds and races. It was undeniable that the change in society was irreversible.

A recent study for the Runnymede Trust of the results of the 1971 Census showed that of the 1·5 million coloured people then living in the country, 40 per cent had been born there.[1] The 450,000 of West Indian origin were the earliest settlers; of them 70 per cent of the men and 54 per

[1] *The Coloured Population of Great Britain.* Preliminary report by G. B. Gillian Lomas. Published by the Runnymede Trust, Stuart House, 1 Tudor Street, London EC4Y 0AD. £1.

cent of the women had been in Britain for over 10 years. The depth of this involvement in British society was becoming equally true of those who came later from Asia and East Africa.

Despite the occasional well-publicised voices of intolerance, both black and white, this change in British society had created far less difficulty than the doom-watchers predicted. Real problems had been experienced in urban areas where different cultures had come into contact for the first time. But, said Mr Lyon, in the course of the many visits he had made in the last 12 months to these areas, his overwhelming impression was one of hope. Everywhere positive work was going on in schools, factories and local authority services to overcome the difficulties of adjustment.

Difficulties Experienced by Immigrants

It would be foolish, however, to minimise the risks that lay ahead. The real dangers were in the response of the second and third generations of immigrant descent to the clash of cultures. Britain was already experiencing some of the difficulties of alienation of West Indian teenagers manifested in unemployment and homelessness. Although the strong settled communities in which Asians lived gave a sense of identity and confidence, it was inevitable that future generations would find it confusing to live in two different worlds and would seek to bridge the cultural divisions in their own way.

Problems fell into two categories—those caused by discrimination and those caused by disadvantage. The 1968 Race Relations Act tried to cope with discrimination and has been largely successful in containing open acts. There was a considerable body of evidence, however, showing that it had been much less successful in dealing with hidden and inadvertent discrimination, particularly in employment.

Disadvantage was not peculiar to racial minorities. Urban poverty affected white and black, indigenous and newcomer, in most of the big cities. They shared bad schools, depressing housing and inadequate social services and it would be remarkable if this did not have some effect on the achievement of their children. But the newcomer had additional disadvantages not shared by those among whom he was living, particularly if he came with a foreign language from a foreign culture, transplanted from a poor rural community into an anonymous industrial environment. He needed to learn English; he needed new skills; without sacrificing his own heritage he needed to be familiar with Britain's. The extra strain on teaching, training, and social work facilities, particularly of the local authority, required strengthened organisation to channel resources to the areas of need.

The Government hoped to produce proposals for meeting these challenges of discrimination and disadvantage in a White Paper which was being prepared at present.

Local education authorities had been encouraged to create units to provide language training at work with the assistance of 75 per cent grants from the Government. The proposals of 18 authorities had so far been approved and those of eight others were under consideration. To support these individual units a national centre for industrial language had been established. In addition, the Training Services Agency arranged preparatory courses for young workers, including young people under 19 if they had not completed their formal schooling in Britain, who had not yet achieved the standards of literacy and numeracy for a full course of vocational training.

The Department of Education had set up an educational disadvantage unit which would assist local authorities to improve the quality of education for immigrants and were hoping soon to open an independent centre for information and advice on the educational problems of immigrants (see p 358, 1974). At present the department allocated 3,000 extra teachers to areas with large immigrant populations and 75 per cent of the cost was borne by the Government under grants authorised under the Local Government Act 1966. The Schools Council was well aware of the special needs of a multi-cultural society and was paying for a major project to promote in pupils a respect for and positive attitudes to the variety of cultures they could now encounter.

Bad housing was common to all living in deprived areas. The measures taken to help local authorities to buy more private housing and to give security of tenure to furnished tenants would have their impact on the problems of blacks as well as whites. But the Government was well aware of the increasing need for hostel accommodation for teenagers, frequently West Indian, in some major cities. A special allocation of £250,000 to the Community Relations Commission had been made to encourage black self-help schemes and particular attention was paid to this problem in the last distribution of Urban Aid (see p 78).

Mr Lyon concluded by saying that he did not regard this record of achievement with complacency. The Government still needed to awaken a greater sense of priority for the concerns he had indicated. But it was entitled to claim that a significant departure from the past had been made.

New Towns

Proposals for future policy in the 23 new towns of England and Wales are set out in a consultation document issued by the Department of the Environment and the Welsh Office.[1] The document, which follows a review of new towns policy by the Minister for Planning and Local Government, Mr John Silkin, and the Secretary of State for Wales, Mr John Morris, has been sent for comment to the New Towns Association, local authority associations, and Members of Parliament. It states that Britain's post-war new towns have been among the most effective developments of their kind in the world, providing a new way of life for thousands of people who had previously lived in overcrowded city areas. The Government's support for the new towns programme is reaffirmed, but the document concentrates on

[1] *New Towns in England and Wales.* December 1974. Department of the Environment, 2 Marsham Street, London SW1P 3EB. Unpriced.

areas where changes are needed to ensure that new towns are equipped to meet the needs of the immediate future. The main changes proposed are:

1 The establishment of closer links between new town development corporations and local authorities. These might include local authority support for new town developments, increased local authority representation on development corporation boards, and joint working by the staffs of local authorities and new town development corporations.

2 The placing of a special emphasis in the immediate future on building houses to rent. The sale of rented housing to sitting tenants would be suspended except in special circumstances. Development corporations would also be asked to include in their programmes provision for housing to rent for people with particular housing needs, for 'second generation' new town families, and for the parents of 'first generation' families.

3 Consideration of the demand for low-price housing for owner-occupation, and the encouragement of housing associations and co-operative and co-ownership groups.

4 The transfer of rented housing from development corporations and the Commission for the New Towns[1] to local authorities. This would change the role of the commission, though it would still have a large number of commercial and industrial assets to manage.

5 The disposal of land and property. This would normally be on leasehold terms only, with provision for rent reviews at reasonable intervals.

[1] Set up under the New Towns Act 1959 to take over and manage the property of substantially completed new towns.

DOCUMENTATION

(*Documentation excludes publications referred to in Survey articles*)

Government and Administration

List of United Kingdom Ministers. COI, SN5657/75/1.

Financial Help for Opposition Parties in Parliament. The House of Commons has approved a Government proposal for annual financial help for opposition parties in the House of Commons to assist them in carrying out their parliamentary business. The formula agreed is that recommended by the Leader of the House in December 1974 (see p 6). *Hansard*, 20.3.75, cols 1869-1934.

Guildhall, London. COI, SN5571.

Mansion House. COI, SN5947.

Report of the Committee on Defamation. The report sets out the conclusions of a committee set up by the Lord Chancellor and the Lord Advocate to consider whether, in the light of the working of the Defamation Act 1952, any changes are desirable in the law, practice and procedure relating to actions for defamation in England and Wales and in Scotland. Cmnd 5909. HMSO, £2·55. ISBN 0 10 159090 3.

Economic and Scientific Affairs

European Free Trade Association. Protocol on the Transitional Arrangements concerning the relations between Denmark and the United Kingdom on the one hand and the States remaining Members of the European Free Trade Association or in association therewith on the other hand. Cmnd 5931. HMSO, 29p. ISBN 0 10 159310 4.

British Aid Programme. Text of United Kingdom Memorandum to the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Cmnd 5920. HMSO, 29p. ISBN 0 10 159200 0.

Chile. Agreement between Britain and Chile on certain Commercial Debts. Cmnd 5922. HMSO, 18p. ISBN 0 10 159220 5.

Fisheries. Arrangement relating to Fisheries in Waters surrounding the Faroe Islands. Cmnd 5930. HMSO, 14p. ISBN 0 10 159300 7.

Technical Assistance. Agreement on Technical Co-operation between Britain and the Arab Republic of Egypt. Cmnd 5939. HMSO, 14p. ISBN 0 10 159390 2.

Indonesia

Exchange of Notes concerning an Interest-free Development Loan from Britain to the Republic of Indonesia. Cmnd 5881. HMSO, 22p. ISBN 0 10 1588100.

Exchange of Notes amending certain Interest-free Development Loan Agreements between Britain and the Republic of Indonesia. Cmnd 5947. HMSO, 18p. ISBN 0 10 159470 4.

Some Recent Advances and Developments in Britain. COI, R5656/20.

Annual Review of Agriculture 1975 (see pp 108-9). Cmnd 5977. ISBN 0 10 159770 3. HMSO, 55p.

Reshaping Britain – A programme of economic and social reform. This report was prepared for the independent research body, Political and Economic Planning (PEP), by five authors. It acknowledges help derived from discussion in an advisory group which included people from industry, Members of Parliament, civil servants and academics. The report analyses Britain's current economic, social and political problems, and proposes solutions in terms of a manpower programme, an incomes policy, increased investment, and institutional changes. Vol XL. Broadsheet No 548. December 1974. PEP, £2.

OECD Financial Support Arrangement. The Chancellor of the Exchequer, Mr Denis Healey, gave to the House of Commons on 9 April details of an Agreement, signed on that day by Britain and nearly all other member countries of the Organisation for Economic Co-operation and Development (OECD), on the setting-up of a Financial Support Fund [also known as the 'safety net' – see pp 62-4]. The total of quotas of all OECD members eligible to join the scheme would be SDR 20,000 million, and Britain's share would be SDR 1,600 million. The fund would not have its own capital, but would raise money as required either by borrowing in national and international capital markets in member countries under the multilateral guarantee of all members, or through individual contributions and guarantees.

The Agreement provided for the scheme to begin to operate after ratification by a substantial majority of potential members, and it was hoped to achieve this within 12 months.

The Government welcomed the establishment of the scheme and intended to bring forward legislation in due course to provide for full British participation. Details would be published in a White Paper (that is, a document containing proposals for legislation) before legislation was brought forward. *Hansard*, 9.4.75, written answers, cols 419-20.

Double Taxation of Income and Capital. Revised texts of certain Articles of the 1963 OECD Draft Convention and the commentary thereon. Organisation for Economic Co-operation and Development, 2, rue André Pascal, 75775 Paris Cedex 16, France. £2·50. ISBN 9264 11311 8.

Minimum Lending Rate (*MLR*). The Bank of England's MLR stood at 10 per cent, following two reductions of 0·25 per cent on 7 and 21 March. *Economic Progress Report.* No 61. April 1975. HMSO.

The National Giro. The Government has agreed to a number of measures designed to set the National Giro on a surer foundation by enabling it to provide a more complete banking service, including the provision of loan and overdraft facilities, for its personal and corporate customers; by ensuring that there is fair competition for Government money transfer business between Giro, the services of the Paymaster General's Office and the banks; and by restructuring its capital to accord with its need. Department of Industry press notice, 12.3.75.

British Overseas Trade Board (*BOTB*). The Secretary of State for Trade, Mr Peter Shore, has announced that the board (see pp 170, 337, 1972) is to be strengthened and that an advisory council is to be created to provide a forum for criticism and advice and to serve as an additional two-way channel of communication between the board and industry. In an interview the chief executive of the board, Mr J. S. Rooke, said that efforts would also be made, in conjunction with the British Council and the Ministry of Overseas Development, to co-ordinate export promotion with education and training in Britain for people from overseas. The board would also be co-operating with the Department of Industry in the administration of planning agreements (see p 105) which it saw as an important instrument for promoting exports. *Trade and Industry*, 21.3.75.

Customs Procedures. International Convention on the Simplification and Harmonisation of Customs Procedures. Kyoto, Japan, 18 May 1973-30 June 1974. Cmnd 5938. HMSO, 29p. ISBN 0 10 159380 5.

Harmonised Commodity Description and Coding. Work on the production of an international harmonised commodity description and coding system for use by manufacturers and wholesalers, Customs authorities, carriers and statisticians has begun under the auspices of the Customs Co-operation Council, a 75-member intergovernmental organisation with headquarters in Brussels. The new system, which it is hoped will be available for operational use by the end of the 1970s, will be based on the Brussels Tariff Nomenclature. British Overseas Trade Board press notice, 2.4.75.

Simpler Export Documents. The Simplification of International Trade Procedures Board (SITPRO) has decided to revise the UK Aligned System of Export Documentation, first introduced in 1965. SITPRO was set up in 1970 to guide, stimulate and assist the rationalisation of international trade procedures and the documentation and information flows associated with them. British Overseas Trade Board press notice, 11.3.75.

Department of Employment. Research 1973-4. This is the second annual report on research carried out by or for the department and covers the period 1 April 1973-31 March 1974 (see also p 515, 1973). HMSO, 71p. ISBN 0 11 361071 8.

Industrial Democracy: a discussion paper on worker participation in Harland and Wolff (see p 157). Department of Manpower Services, Northern Ireland. HMSO, 25p. ISBN 0 337 07102 0.

The Redundant Mineworkers and Concessionary Coal (*Payments Scheme*) (*Amendment*) *Order 1975.* Under the current scheme, mineworkers made redundant at age 55 or over receive, for three years, a sum which, when added to other state benefits, gives an income equivalent to about 90 per cent of their net pre-redundancy earnings. The order amends levels of payment to take account of impending increases in unemployment benefit and raises the limit of pre-redundancy earnings which qualify for benefit from the first £50 a week to the first £70 a week (see also p 320, 1974). HMSO, 12p. ISBN 0 11 052525 6.

Dockwork, A Consultative Document. Outlines Government proposals for legislation to extend the National Dock Labour Scheme (see pp 179, 355, 1974) to new types of port work such as container handling and any port work carried out within five miles (8 kilometres) of an ocean or inland port, and to ports not at present covered by the scheme (see also p 354, 1974). Department of Employment, Industrial Relations Division, IR BI, 8 St James's Square, London SW1Y 4JB.

Training for Office Management. A report by the Company Secretaryship/Office Management subcommittee of the Joint Industrial Training Boards Committee for Commercial and Administrative Training. Department of Employment. HMSO, 37p. ISBN 0 11 361068 8.

Protection of Eyes (*Amendment*) *Regulations 1975.* The regulations extend the scope of the Protection of Eyes Regulations 1974 (HMSO 14p, ISBN 0 11 041681 3) made under the Factories Act 1961. HMSO, 4p. ISBN 0 11 050303 1.

Motor Fuel Retailers' Margins. An Interim Report. Price Commission. On 31 July 1974, in accordance with the provisions of the Counter-Inflation Act 1973, the Secretary of State for Prices and Consumer Protection asked the commission to examine and report on the level and adequacy of profit margins and discounts accruing to retailers from sales of motor fuel. The terms of the reference were revised on 23 January 1975 following the abolition of statutory maximum retail prices for motor fuel. HMSO, 35p. ISBN 0 11 700283 6.

Price Commission

A Guide to the Price Controls in Stage 4 (see pp 41, 82). Available free from the commission at Neville House, Page Street, London SW1P 4LS.

Report on Fresh Food Reference for the period July to December 1974 (see pp 168, 499, 1974). HMSO, 55p. ISBN 0 11 700284 4.

Textile Industry in OECD Countries 1972-73. HMSO, £2·40. ISBN 92 64 01307 5.

The Non-Ferrous Metals Industry, 1973. HMSO, £2. ISBN 92 64 01320 2.

British Industry Today: Manufacturing Industries. COI, R5982.

British Industry Today: Organisation and Production. COI, R5628.

Concorde. COI, NST/50.

National Nuclear Corporation. The National Nuclear Corporation, incorporated in June 1973 as a new single company to design and construct steam supply systems for nuclear power stations (see p 177, 1973), has completed the acquisition of the two existing consortia, British Nuclear Design and Construction and The Nuclear Power Group. The corporation will set up an operating company, to be known as the Nuclear Power Company, which will operate from Risley (Cheshire) and Whetstone (Leicestershire). Department of Energy press notice, 18.3.75.

UK Oil Shales: Past and possible future exploration. The report, submitted to the Secretary of State for Energy, examines the feasibility of producing oil on an economic basis from shale deposits in Britain. Its main conclusion is that there appears to be no economic case for restarting the Scottish shale oil industry, but there might be a long-term case for exploiting oil shale deposits in other parts of Britain. Department of Energy. Energy Paper No 1. HMSO, £1·15. ISBN 0 11 410236 8.

Public Expenditure on Transport. Fourth special report from the Expenditure Committee, session 1974-75. Observations by the Department of the Environment on the first report from the Expenditure Committee in session 1974. HMSO 12p. ISBN 0 10 022635 3.

Annual Digest of Port Statistics 1973: Volume 2. National Ports Council, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ. £10. ISBN 0 901058 70 X.

Ports Reorganisation. The Minister for Transport has issued a second consultative document containing more detailed proposals on ports reorganisation. It reaffirms the Government's intention to bring all commercial ports and cargo-handling activities under public ownership and control (see p 354, 1974) and requests further comments by 30 May 1975. Department of the Environment press notice, 3.4.75.

The Promotion of the Sciences. COI, R5624.

Marine Science and Technology. COI, NST/48.

Report on Novel Protein Foods. Food Standards Committee, Ministry of Agriculture, Fisheries and Food. HMSO, 70p. ISBN 0 11 240829 X.

Clean Air Today. Department of the Environment. HMSO, £1. ISBN 0 11 750718 0.

'Control of Pollution Act 1974' by J. F. Garner. Sets out to give a clear guide to the provisions of the Act. Butterworths, £5·85. ISBN 0 406 20507 8.

Working Party on Sewers and Water Mains: First Report. Department of the Environment. HMSO, 59p. ISBN 0 11 750866 7.

Social and Cultural Affairs

Advisory Council on the Penal System. The Home Secretary has reappointed the Advisory Council on the Penal System to make recommendations about matters relating to crime prevention and the treatment of offenders. The council's chairman is Sir Kenneth Younger. *Hansard,* 12.3.75, written answers, col 148.

Social Security Statistics 1973. Department of Health and Social Security. HMSO, £3·65. ISBN 0 11 760315 5*.

Explanatory Memorandum on the Social Security Pensions Bill 1975 (see p 162). Cmnd 5929. HMSO, 20p. ISBN 0 10 159290 6.

Social Security Pensions Bill 1975. Report by the Government Actuary on the Financial Provisions of the Bill (see p 162). Cmnd 5928. HMSO, 20p. ISBN 0 10 159280 9.

Social Security Agreement with Spain. A reciprocal social security agreement between Britain and Spain, brought into effect by *The Family Allowances,*

National Insurance and Industrial Injuries (Spain) Order 1975 (SI 1975 No 415), came into force on 1 April. It covers benefits provided under the National Insurance, Industrial Injuries Insurance and Family Allowance schemes and the corresponding Spanish schemes. HMSO, 20p. ISBN 0 11 050415 1.

Measures to Discourage Smoking. COI, SN5987.

Statistics of Education, England and Wales, 1973, Vol 5. Finance and Awards. HMSO, £2·40. ISBN 0 11 270247 5.

Educational Priority Volume 3: Curriculum Innovation in London's Educational Priority Areas. J. H. Barnes (Editor). HMSO, £2·35. ISBN 0 11 276297 X.

Educational Priority Volume 4: The West Riding Project, George Smith. HMSO, £2·35. ISBN 0 11 270298 8.

Adult Education: The Challenge of Change. Report of a committee under the chairmanship of Professor K. J. W. Alexander of Strathclyde University. The committee was set up in May 1970 by the then Secretary of State for Scotland to examine the present position of adult education in Scotland and to make recommendations. HMSO, £1·35. ISBN 0 11 491308 0.

Britain and International Women's Year. COI, Factel No 665.

Inner Area Studies: Six Reports Published. Mr Reg Freeson, Minister for Housing and Construction, announced on 18 March the publication of six reports on the Inner Area Studies (see pp 360, 1972 and 297, 1974):

Lambeth
IAS/LA/2 Changes in Socio-Economic Structure (30p).
IAS/LA/3 Interim Report on Local Services (40p).
IAS/LA/4 Labour Market Study (60p).
IAS/LA/5 People, Housing and District (80p).

Birmingham
IAS/B/3 Second Progress Report (60p).

Liverpool
IAS/LI/5 Area Resource Analysis: Methodology (50p).

Copies may be purchased from the Department of the Environment, Room P2/127, 2 Marsham Street, London, SW1P 3EB.

Public Lending Right: An account of an investigation of technical and cost aspects. Department of Education and Science. HMSO, £1·50. ISBN 0 11 270404 2.

The Tate Gallery 1972-4. Biennial Report and illustrated catalogue of acquisitions. Published by the Tate Gallery Publications Department, Millbank, London SW1P 4RG. £2·50. ISBN 0 900874 89 9.

The National Portrait Gallery. COI, SN5986.

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